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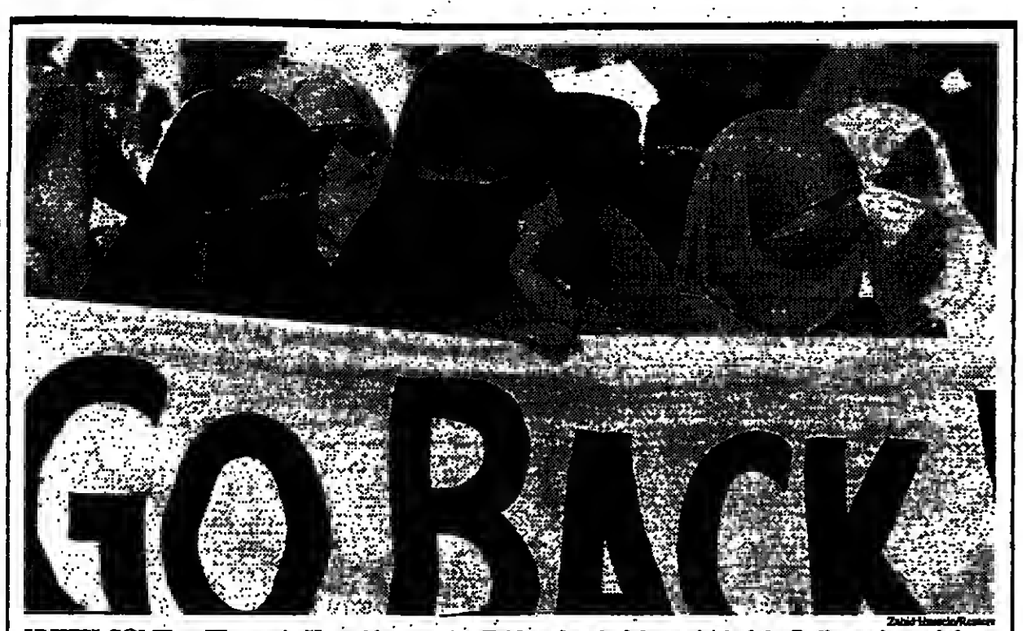

Zahid Hussain/Reuters

UNWELCOME — Women in Karachi protesting Friday ahead of the arrival of the Indian prime minister for talks with his Pakistani counterpart in Lahore. Flaring unrest in Kashmir may be on the agenda. Page 5.

Kosovo Peace Outlook Grim After Milosevic Snubs U.S.

By Charles Trueheart
Washington Post Service

PARIS — President Slobodan Milosevic of Yugoslavia threatened Friday to doom a Kosovo peace agreement by refusing to meet with the chief U.S. negotiator, Christopher Hill, on a last-ditch mission to Belgrade.

As the Saturday noon deadline for an accord neared, the North Atlantic Treaty Organization was positioning hundreds of aircraft in the Balkans to carry out air strikes.

Mr. Hill left the stymied peace talks in Rambouillet, France, for the second time in three days to press the Belgrade government to accept an autonomy plan that would include peacekeeping troops in Kosovo for three years.

Speaking in Washington, President Bill Clinton and President Jacques Chirac of France delivered a stern warning to Mr. Milosevic on Friday, telling him that NATO was "determined" to launch air strikes against Serb positions should Belgrade not agree to a Kosovo peace plan. "We stand united in our determination to use force," Mr Clinton said at at a joint White House news conference with Mr. Chirac.

NATO, in its strongest statement to date, issued by Secretary-General Javier Solana on behalf of all members, said it was determined "to avert a humanitarian catastrophe by compelling compliance" with the demands of the international community.

He said the means to be employed by the alliance "include air strikes as well as other appropriate measures."

On aircraft carriers in the Adriatic and at air bases around Europe, 430 planes — including U.S. B-52 bombers, F-117 Stealth fighters and other reconnaissance and supply aircraft — were being deployed for the first series of sorties against Serbian air-defense installations.

A Yugoslav jet buzzes the Kosovo hotel of U.S. delegation. Page 4.

Alliance sources said other targets might include bases of the feared Serbian paramilitary police, who have conducted some of the most brutal security operations against ethnic Albanians in Kosovo.

"We will not give up Kosovo, even if we are bombed," President Milosevic told a group of visiting Cypriots, according to the official Tanjug press agency in Belgrade.

His comment reflected the aggressive talk coming from Belgrade even though the proposals on the table do not require Yugoslavia to grant independence to the southern province, which is an old region of Serbia.

The international community and the Kosovar Albanian rebels fighting for independence consider the military "implementation force" indispensable to guarantee Kosovo's security and transition to self-governing status under the proposed settlement.

"A viable political settlement must be guaranteed by an international military presence," the NATO leaders repeated Friday after meeting in Brussels.

An Austrian diplomat, Wolfgang Petritsch, one of the three lead negotiators who have been meeting separately with the two sides in the two-week-old talks, articulated an open secret when he said the negotiations were "going nowhere."

An outright failure to reach a settlement, he said, was "very, very possible."

Because Mr. Hill did not see Mr. Milosevic, the State Department spokesman, James Rubin, said in Paris on Friday, "It is hard to be encouraged about Serb acceptance of the Contact

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Remy de la Mauviniere/The Associated Press

An ethnic Albanian negotiator, Veton Surroi, taking time out Friday for a jog at the chateau in Rambouillet.

An Olivetti Bid for Telecom Italia?

By Alan Friedman and Daniel Liefgreen
International Herald Tribune

MILAN — Olivetti is expected on Sunday to lead an audacious $65 billion takeover bid for Telecom Italia, the former state-owned telecommunications company, according to sources close to Olivetti. Telecom is Europe's third largest telecommunications group.

The announcement Friday by Olivetti that it would convene a special board meeting Sunday to discuss a strategic and financial operation that concerns Telecom sparked turmoil in the political and business worlds. It also triggered speculation that the move could set off one of Europe's biggest hostile takeover battles. Telecom Italia is a much bigger company than Olivetti.

"We will be very prudent," Prime Minister Massimo D'Alema said Friday night. "We will evaluate the industrial and employment implications."

Although the Italian Treasury has privatized nearly all of its stake in Telecom, the government still controls 3.4 percent of the shares. "It will be the market that will ultimately decide," said Mr. D'Alema, referring to an eventual takeover try by Olivetti.

Reaction came swiftly from the European Commission in Brussels. Aides to the competition commissioner, Karel van Miert, said Friday night that if Olivetti were to successfully acquire Telecom, it would create a potential monopoly situation because Olivetti already controls Omnitel, the Italian cellular phone firm.

"It is clear that Olivetti cannot control both Omnitel and Telecom," said an aide to Mr. van Miert. "We need to avoid the situation in which the same shareholder controls two competitors and therefore we will watch to see what will happen."

Olivetti controls Omnitel jointly through an alliance with Mannesmann AG of Germany.

Italian trade unions began protesting

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Slowdown Starts to Rattle Europe

Reports Paint Gloomy Picture Of Germany as Exports Fall

By John Schmid
International Herald Tribune

FRANKFURT — Germany's economic outlook darkened Friday on news that overall growth shrank in the final quarter last year and business confidence fell unexpectedly in January for the eighth consecutive month.

Europe's economic locomotive stalled as the Asian and Russian financial crises choked exports and clouded prospects, analysts said in reaction to the latest data. With only sluggish activity at best forecast for the first quarter of 1999, an upturn is not expected until later in the year, they said.

"Our hope is directed at the second half of the year," said Peter Pietsch, senior economist at Commerzbank AG in Frankfurt.

The latest figures suggest that Germany, which accounts for more than one-third of the 11-nation euro-bloc economy, is headed for tepid full-year growth of only 1.3 percent this year, which is well below the government's forecast of 2 percent and last year's expansion of 2.8 percent, said Elga Bartsch, economist in London at Morgan Stanley Dean Witter.

The Bundesbank reported that the German economy contracted 0.4 percent in the fourth quarter compared to the previous three-month period. The central bank's preliminary figures provided the first confirmation that the economy shifted into reverse last year, defying some forecasts hopeful of flat activity.

The slowdown, the first quarterly drop in almost three years, stemmed entirely

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The Dollar		
New York	Friday @ 4 P.M.	previous close
Euro	1.1073	1.1204
Pound	1.6223	1.6355
Yen	121.15	119.885
DM	1.7872	1.7455
FF	5.9269	5.8542

Dollars per pound and per euro.

The Dow		
	Friday close	percent change
+41.32	9,339.95	+0.44%
S&P 500		
+1.88	1,239.16	+0.15%
Nasdaq		
+22.89	2,283.44	+1.01%

Finance Ministers Disagree Over Plan to Limit Turmoil

By Edmund L. Andrews
New York Times Service

FRANKFURT — As finance ministers from the Group of Seven industrialized countries prepare to meet in Bonn on Saturday, Europe is far less united than the existence of its new single currency, the euro, would suggest.

The United States is bracing for deep disagreements with Germany and France, which are campaigning for a new "financial architecture" to control exchange rates and reduce turbulence in world markets.

But European countries disagree among themselves about those issues, and the new European Central Bank is dead set against the French and German proposals.

"Europe is not even close to having a united front," said Klaus Friedrich, chief economist at Dresdner Bank AG in Frankfurt, "and if they were, they wouldn't get anywhere."

The finance minister of Germany, Oskar Lafontaine, is expected to push hard Saturday for proposals to regulate exchange rates between the United States, Japan and the 11 countries that make up the euro zone. President Jacques Chirac of France echoed similar ideas Thursday in Washington, when he called for a new "highway code" to govern capital markets. (Page 11)

Those ideas are anathema to the U.S. Treasury secretary, Robert Rubin, who has repeatedly dismissed attempts to manage exchange rates as unworkable.

But they also face heavy opposition at home. On top of that, European financial

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Ocalan's Capture Humiliates Greeks

By Alessandra Stanley
New York Times Service

ATHENS — In the cafeteria of Pantion University, three students spoke morosely about national pride and how they felt robbed of it.

Across town, in Zonar's café, three retired Greek businessmen, old enough to be the students' grandfathers, spoke in the same angry, wounded tones about the events that allowed Turkey to wrest the Kurdish rebel leader Abdullah Ocalan from Greek protection. A fourth friend, a retired army officer, refused to join in, muttering, "I'm ashamed to be Greek," as he moved away.

Ever since Turkish security forces snatched Mr. Ocalan in Nairobi, where he had been hiding in the Greek Embassy, and hauled him, bound and blindfolded, to Turkey this week for trial on terrorism charges, Greece has been nurturing a deep identity crisis.

There is concern for Mr. Ocalan, whose fight for Kurdish independence is one that many Greeks view as an echo of their own. And there is disgust with the government of Prime Minister Costas Simitis, whose bungled effort to protect Mr. Ocalan in secret was viewed as so humiliating that it forced the resignation of three top government officials on Thursday, and that of a fourth, the chief of intelligence, on Friday. There is renewed loathing of Turkey, seen as gloating over its victory, and even anger at the United States, because many Greeks believe that Washington had a hand in Mr. Ocalan's capture.

There is a sense of betrayal, because Europe is perceived as having stood by, doing nothing to help Greece out of its quandary.

But beneath all that, the Ocalan affair has provoked a national conversation on shame, pride and the Greek identity.

In it, one word keeps cropping up, "*philotimo*," a Greek word for inner

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Loss at NEC, a Symbol of Japanese Success, Forces Big Job Cuts

By Stephanie Strom
New York Times Service

TOKYO — The NEC Corporation, one of the largest semiconductor manufacturers in the world and an emblem of Japanese business success, announced a broad restructuring Friday that will include one of the most sweeping labor reductions ever undertaken by a major Japanese company.

The restructuring, which will cause the elimination of 11,600 jobs, including 9,000 in Japan, could lead to sharp changes in NEC's strategic direction under a new management team named Friday. NEC also greatly increased its estimate of the loss it expects for the current fiscal year, which ends March 31. It said it expected a group net loss of 150 billion yen ($1.26 billion), well above its previous forecast of a deficit of 35 billion yen.

The company expects sales to decline 4 percent, to 4.7 trillion yen.

Previously, the company had said it would lose less than $300 million. Last year, NEC earned about $300 million.

The elimination of the 9,000 jobs in Japan, to be achieved through attrition and early retirement over the next three years, will be one of the biggest employment cutbacks announced here, even during a year in which many companies have cut jobs.

The reverberations will no doubt be closely watched by the rest of corporate Japan, which has been struggling to overhaul itself under the constraints of a tradition of lifetime employment.

The remainder of the job cuts will come largely from NEC's operations in Asia and Ireland. NEC had already cut about 3,000 jobs at its Packard Bell NEC subsidiary, bringing its total job reduction to about 15,000, about 10 percent of the total at NEC and its subsidiaries.

NEC also unveiled striking changes in its boardroom. Hajime Sasaki, the senior executive vice president in charge of its semiconductor business and a favorite among foreign analysts and investors, will become the company's new chairman.

Mr. Sasaki, who is well-versed in the standards by which Western companies are judged, having run NEC's U.S. operations, may push the company toward adopting a more shareholder-focused approach.

And Kojit Nishigaki, the executive vice president who heads its systems integration business, will become president, replacing Hisashi Kaneko, whose job has been in question since NEC became embroiled in amilitary procurement scandal last year.

"I decided to step down in the viewpoint that the company should implement the new management policy with a fresh personnel lineup," Mr. Kaneko said at a news conference, according to Agence France-Presse.

The choice of Mr. Nishigaki as president hints at a new focus for NEC, namely a greater emphasis on value-added services like those offered by Fujitsu, International Business Ma-

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AGENDA

'Presidents Are People, Too'

WASHINGTON (AFP) — Insisting that "presidents are people, too," President Bill Clinton said Friday that the yearlong sex scandal that resulted in his being impeached had not harmed the presidency.

"I hope the presidency has not been harmed, I don't believe it's been, but I can't say I think this has been good for the country," Mr. Clinton said at a news conference.

"Of course I've learned a lot of personal lessons," he said, referring to the scandal resulting from his affair with Monica Lewinsky. "Presidents are people, too."

The news conference was Mr. Clinton's first session with reporters since the Senate voted a week ago to acquit him of charges of perjury and obstruction of justice in the impeachment trial.

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Great Britain	UK £1.00	Saudi Arabia	10 SR
Egypt	E£ 5.50	S. Africa	R16 incl.VAT
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kenya	K. SH. 160	U.S. Mil. (Eur.)	$ 1.20
Kuwait	700 Fils	Zimbabwe	Zm.$40.00

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Big Cruise Lines Are Sailing Through Tax Loopholes

By Douglas Frantz
New York Times Service

MIAMI — The world's largest cruise company, Carnival Corp., earned $2 billion in profits over the last three years. But the company, with headquarters in two multistory buildings on Miami's Carnival Place, paid less than 1 percent in U.S. income taxes even though its earnings exceeded those of many Fortune 500 companies.

Royal Caribbean Cruises, the second-largest cruise company, whose headquarters overlook the port of Miami, reported profits of $657 million over the same time. Its financial statements do not even include a line for income taxes.

Doing business under a decades-old loophole in the U.S. tax code and protected by an increasingly powerful lobbying force, the 17 major cruise lines pay practically no income tax even though they are based in the United States and 90 percent of their passengers are Americans. The cruise lines, all of them registered outside the United States, do not observe U.S. labor laws, the federal minimum wage law and many U.S. environmental and safety regulations.

In the last decade the cruise industry has grown rapidly, launching ever-bigger ships carrying thousands of passengers. Now concern is growing over the impact of the megaships on marine environments and the impact of the industry's tax advantages on struggling American-registered cruise ships.

The U.S. corporate income tax rate is 35 percent, though most corporations pay a modestly lower rate through various deductions.

In Congress, a potential battle is brewing on several fronts, including the

See CRUISE, Page 5

While Remaining Neutral, Switzerland Is Carefully Edging Into Europe

Agence France-Presse

Adolf Ogi, who says end of the Cold War has radically changed things.

Q & A / *Adolf Ogi, Swiss Defense Minister*

The Swiss government is charting a new course aimed at full membership in the European Community in the new millennium. In 1996, Europe's staunchest neutral joined NATO's Partnership for Peace. There is a contingent of Swiss peacekeepers in Bosnia, and Swiss truce verifyers are working in Kosovo under the aegis of the Organization for Security and Cooperation in Europe. Projected army reforms call for a greater Swiss role in international peace support operations. In Bern, Switzerland's defense minister, Adolf Ogi, discussed the implications of the policy changes with Robert Kroon for the International Herald Tribune.

Q. Neutral Switzerland was spared the horrors of two world wars, and neutrality has always been seen here as both immutable and profitable. Is Switzerland finally breaking out of its splendid isolation?

A. Let me make clear that we're not thinking of giving up our neutrality. Austria and other neutrals are EU members, so there's no conflict of interest there. But with the end of the Cold War, strategic equations in Europe have changed radically.

We can no longer stay aloof from international efforts to secure the peace. So in our reform plans for the Swiss army, the accent will be on security through international cooperation. It's not just a gesture of European solidarity, but it is also in our national interest. If Kosovo explodes, it could bring a new wave of refugees in addition to the 200,000 Kosovars who are already in Switzerland. So we want to be part of the international peacekeeping effort.

Q. Does your new strategic concept provide for Swiss army units, backed by armor and warplanes, participating in peace enforcement duties with other European states — even under NATO command?

A. Not just yet. In our system of direct democracy, that would never get through a referendum at his stage. We are looking at a careful and gradual process — and that also goes for our membership in the European Community.

When you climb a mountain, you cannot race to the top. As a first step, Swiss soldiers will no longer be sent on peacekeeping missions unarmed, like in Bosnia right now.

They must be able to defend themselves instead of having to rely on protection from American, British or French troops, who have other things to worry about.

So we will step up our commitments, but not in terms of combat units backed by Leopard tanks or Swiss Air Force F-18s. For starters, the Swiss input will be limited to a noncombat role — logistics, transport, communications, medical support, what have you. But that can be a very valuable contribution.

Q. Unarmed or not, you have only 60 peacekeepers in Bosnia right now. Isn't that a very modest contribution for a country that has one of the strongest armies in Europe?

A. It's true that in case of war we can mobilize 400,000 troops, but it's a citizens' militia. Switzerland has no standing army to draw on for peacekeeping duties, so in our reform project, that must be addressed as well.

We are planning for core units of volunteers who will sign up for at least a year of military service. They would be earmarked for international peace support operations, preferably in the European theater.

Q. When will these reforms be enacted and won't they be challenged in the usual referendum?

A. The government's new political guideline, labeled "Security through Cooperation," has been well received by the Parliament.

It could be challenged by a referendum, but I am fairly confident we would win that vote. So the new security policy could become law by the end of next year.

Q. Is this trend of moving closer to Europe, politically and militarily, indicative of a totally new mindset?

A. Yes, and I think the trend is irreversible. But, as I said, it's a step-by-step process. We are not walking on four legs.

Opinion polls show a new mentality developing among the people, despite the rearguard action by a hard core of stubborn neutralists. As for joining Europe, I think Switzerland is up to it. Don't forget this confederation of 4 ethnic groups and 26 autonomous cantons has been an well-functioning example of European synergy since 1848.

As for the military aspect, since the start of peacekeeping operations in Bosnia, we have opened Swiss air space to SFOR [Stabilization Force] flights. There have been some 6,000 overflights so far, and nobody has objected. That's one indication of the change that has taken place in the people's thinking.

Neighbors Offer Aid To Jordan's New King

Fears of Capital Flight Prove Unfounded

By William A. Orme Jr.
New York Times Service

JERUSALEM — A strong and somewhat unexpected show of support from Jordan's neighbors is helping King Abdullah's new regime gain its financial footing.

Assurances nf long-term backing had already been provided by the Clinton administration, with a proposed $300 million three-year aid increase on top of an earlier $225 million pledge this year, and the International Monetary Fund, with a new contingency loan package for approximately $150 million annually.

But in this vulnerable period of mourning and transition, Jordan has also received promises of financial support from Saudi Arabia and Israel and pledges of continued trade from Syria and Iraq.

Jordanians remain concerned about prospects for growth in the stagnant local economy, which has suffered for a decade from a drastic contraction of trade with Iraq and the loss nf critical income from expatriate workers who returned from Kuwait and Saudi Arabia during the Gulf War.

"If Jordan's role in the region is to continue and develop, all promises have to be translated into tangible financial facts," Al Rai, a leading newspaper, said in an editorial Thursday.

Still, Jordan's allies and business partners breathed easier as financial markets reopened a week after King Hussein's death and showed no signs of succumbing to feared speculative attack.

In contrast to last summer, when initial reports of King Hussein's illness sent some $400 million fleeing offshore, there were no reports of significant capital flight.

"In general, irrational behavior caused by shock was short-lived," Fahed Fanek, a local financial commentator, wrote in The Jordan Times. Domestic financial fallout from the king's death was limited, he said, "because the fundamentals are right, the institutions are there, functioning properly, and the world is supporting us in every way."

Amman's banks and stock market and currency traders opened their doors on Feb. 13 after an official week nf mourning for King Hussein, who died on Feb. 7 and was succeeded by his eldest son, Abdullah.

As local markets closed Thursday for the Muslim weekend, the Jordanian dinar was little changed from the levels of a month ago, when King Hussein was expected to survive.

Promised support from Jordan's neighbors put traders on notice that any run on the dinar would meet stiff resistance.

Kuwait, meanwhile, announced plans to reopen its embassy and restore nil sales and economic aid halted after Jordan's tilt to Iraq in the 1991 gulf conflict.

Perhaps most important, Saudi Arabia — where the royal family is a historic rival of Jordan's Hashemite dynasty — also said it would resume financial aid and oil shipments suspended since the Gulf War.

Rina Castelnuovo/New York Times Service

King Abdullah, who has also received aid assurances from the United States and the IMF.

"Saudi Arabia will firmly stand by you and support you in good and bad times and will use its resources to help Jordan," Crown Prince Abdullah of Saudi Arabia said in a message to King Abdullah on his return from King Hussein's funeral, Jordan's government news agency reported.

Israel, much criticized in Amman for its perceived failure to increase trade and investment after its 1994 peace treaty with Jordan, also advertised its willingness to put its money on the line.

The Israeli government has discussed lending Jordan up to $200 million to defend the dinar, if necessary.

"The economic stability of our Jordanian neighbors is as important as stability in terms of security," Dan Proper, head nf Israel's leading manufacturers association, said, calling for increased private investment in Jordan.

Yet while the dinar may remain stable, there are few job opportunities for a work force that has been growing by 5 percent yearly for a decade, and few obvious short-term prospects for swift growth in trade or investment.

For the past decade, as a stagnant economy failed to keep pace with 3.7 percent population growth, Jordan's per capita income has hovered around $1,500.

Geopolitics has not been kind to Jordan's economy. Jordan remains what it was since King Hussein was crowned in 1952: a small, resource-poor buffer state separating muscular and volatile neighbors.

Except now it is even smaller, with fewer resources.

Jordan never recovered from its swift, thorough defeat in the 1967 war with Israel. It lost the fertile West Bank of the Jordan River, once the source of 60 percent of its produce and significant export income.

More important, the West Bank was home to an industrious, educated business community. After 1967, Jordan lost their skills, and their capital.

Israeli enmity and border security ensured that Jordanian companies lost access to what was once a third of their local market. Jordan's violent expulsion of Palestine Liberation Organization troops in 1970 and the Israeli security clampdown of the late 1980s further estranged Jordan from its former territory. Jordan now exports barely $20 million yearly to the West Bank, compared with estimated Israeli sales of nearly $1 billion.

Avalanches and Snow Cut Off Tourist Resorts in Switzerland

The Associated Press

BERN — Heavy snow and avalanches cut nff Swiss murist resorts Friday and severed the Alpine natinn's main Nnrth-South highway.

With more than a meter of fresh snow in the past two days adding to an already exceptinnally thick blanket, a sudden thaw increased the risk of major avalanches.

Authnrities in central Switzerland said mountain barriers designed to prevent avalanches were full and wnuld not be able to hold in any more snow.

A massive snow slide crashed on railroad lines just outside the southern Swiss town of Zermatt late Thursday, damaging power cables. The resort was without electricity for most nf the night and was cut off by road and rail.

Ski resorts like Grindelwald and Adelboden in the Bernese Oberland and Leukerbad in the Valais Alps were also cut off, stranding thousands of tourists.

The Gotthard Tunnel, which is a key ronte between north and south Europe, was expected to stay closed until at least Saturday because of the risk of avalanches. Plans were underway to divert all trucks via Austria. Defense Minister Adolf Ogi called in the air force to help deliver supplies to isolated communities and help with evacuations.

Hundreds of people had to leave their homes Thursday because of the risk of avalanches.

BRIEFLY

Vatican Appeals on Pinochet

VATICAN CITY — The Vatican said Friday it had written to the British government about the arrest of Augusto Pinochet, the former leader of Chile, acting on a request from Chile's government.

"I can confirm that a diplomatic step was taken by the Holy See as was announced at the House of Lords yesterday by Baroness Symons of Vernham Dean," said Joaquin Navarro-Valls, the chief Vatican spokesman. He said the contents of the letter were confidential.

Mr. Pinochet is in Britain waiting for a court to decide whether he can be extradited to Spain to face trial on human-rights charges. The British government has said from the time of his arrest that it can do nothing to influence decisions made by the courts. *(Reuters)*

Prosecute Female Mutilation?

GENEVA — Two UN experts warned Friday that criminal punishment of those carrying out female genital mutilation could encourage the practice and be counterproductive.

The warning of the twn special rapporteurs came after the sentencing in France on Tuesday of a 52-year-old Malian woman to eight years in prison for performing the ritual practice on 48 small girls.

Punishment based on value judgments can sometimes backfire and encourage people to continue with their "harmful practices," said Radhika Coomaraswamy, rapporteur for the UN Human Rights Commission on violence against women, and Halima Warzazi, rapporteur on traditional practices affecting women's health. *(AFP)*

Balloonists Sail Over Sahara

LONDON — The British balloonists Colin Prescott and Andy Elson were flying over the Western Sahara early Friday, searching for the jet stream to speed np their bid to circle the globe nonstop.

Mission control in London said the pair were heading toward Mauritania at 12 knots and an altitude of 18,000 feet (5,500 meters).

Within 24 hours, they hope to pick up a jet stream, which would push them eastward across North Africa at a much greater speed and height. The pair took nff from Almeria, southeast Spain, on Wednesday. *(AFP)*

Mir May Be Getting Last Visit

MOSCOW — Russia is preparing for the launching Saturday of what could be the last crew on the Mir space station. In a sign that times are tough, two of its three members are fare-paying foreigners.

Commander Viktor Afanasyev of Russia, Jean-Pierre Haignere of France and Ivan Bella of Slovakia were due to take off from the Baikonur Cosmodrome in Kazakhstan on Saturday morning.

Officials are seeking private funds to keep Mir in orbit past August, when the crew is due to return to earth. *(Reuters)*

TRAVEL UPDATE

Warning Goes Out: Quit Yugoslavia

WASHINGTON (AFP) — The United States urged all Americans on Friday to leave Serbia and Montenegro immediately and warned against travel to Bosnia.

European Union countries also urged their citizens to leave Yugoslavia. The U.S. State Department said that air strikes, which could begin Saturday if Belgrade does not agree to a Kosovo peace plan, could touch off anti-American violence.

In Bosnia, the State Department said that "spontaneous reactions against U.S. citizens that might require the withdrawal of U.S. government personnel at short notice."

Bulgaria Tightens Control of Visits

SOFIA (AP) — Bulgaria has introduced visa regulations for citizens of 17 countries in response to EU concern about illegal immigration via Bulgaria, BTA news agency said Friday.

The 17 are Armenia, Azerbaijan, Belarus, Cuba, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, Zimbabwe, South Africa and the United Arab Emirates.

The U.S. Federal Aviation Administration will join the Luggage & Leather Goods Manufacturers of America in urging air travelers to limit the size of carry-on bags and is likely to gauge the result before deciding whether to impose a standard. *(AP)*

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.

North America
The coldest air of the winter will grip most of the eastern half of the U.S. and Canada Sunday to Tuesday with temperatures as low as -30 to -40 in Ontario and Quebec. Storms moving from the Rockies to the coast will bring rain, snow and ice to the Southeast.

Europe
Windy and colder with showers of rain and snow across England Sunday and Monday; dry and a little milder Tuesday. A north Atlantic storm will bring strong winds with rain and snow to northern Europe and Scandinavia; heavy snow is likely over southern Norway and Sweden.

Asia
Quite cool in Tokyo Sunday and Monday, but mainly dry with some sun each day; milder Tuesday. Beijing will be warm with sun through the period. Taipei to Hong Kong will remain cool with the chance for some rain. Hot and dry in most of India. Rainy in south central China and northern Thailand.

Maps, forecasts and data provided by AccuWeather, Inc. ©1999 • http://www.accuweather.com

Europe

	Saturday High C/F	Saturday Low W C/F	Sunday High C/F	Sunday Low W C/F
Algarve	21/70	11/52 s	21/70	12/53 s
Amsterdam	6/43	0/32 c	4/39	-3/27 sn
Athens	-3/27	-9/24 sf	3/37	0/32 sn
Athens	11/52	8/46 pc	14/57	10/50 c
Barcelona	14/57	11/52 c	16/61	11/52 pc
Belgrade	7/44	4/39 s	6/43	-6/29 c
Berlin	4/39	0/32 sh	1/34	-4/25 c
Brussels	6/43	2/36 sh	4/39	-1/31 sn
Bucharest	-1/31	-4/25 s	8/46	-6/29 c
Budapest	4/39	2/36 s	2/36	-3/27 sn
Copenhagen	2/36	-6/22 sn	1/34	-3/27 sn
Costa Del Sol	21/70	11/52 s	22/71	13/55 s
Dublin	6/41	3/37 sh	7/44	-1/31 s
Edinburgh	3/37	-1/31 sh	3/37	-6/22 sn
Florence	13/55	7/44 sh	13/55	6/41 pc
Frankfurt	3/37	-6/27 sn	1/34	-5/23 sn
Geneva	7/44	2/36 sh	4/39	2/36 sn
Helsinki	-3/27	-6/22 sn	-4/25	-9/16 sn
Istanbul	7/44	4/39 pc	11/52	7/44 c
Kiev	-4/25	-9/16 pc	-6/29	-9/22 sn
Las Palmas	21/70	15/61 s	22/71	16/59 s
Lisbon	19/64	10/50 s	17/62	11/52 s
London	8/46	3/37 pc	8/46	5/41 pc
Madrid	17/62	6/43 pc	16/61	5/43 pc
Mallorca	16/61	8/46 pc	17/62	7/44 pc
Milan	13/55	3/36 sh	11/52	3/36 c
Moscow	-1/31	-6/24 c	-3/29	-9/16 c
Munich	7/44	-1/31 r	3/37	-6/27 sn
Nice	17/62	9/48 c	15/59	10/50 s
Oslo	0/32	-7/20 c	-3/27	-13/11 s
Paris	8/46	1/34 sh	6/41	1/34 sn
Prague	6/41	-1/31 r	1/34	-4/25 sn
Reykjavik	-7/20	-11/13 s	-8/18	-10/15 sn
Riga	-3/29	-3/27 sn	-1/31	-6/22 sn
Rome	14/57	9/48 pc	16/61	9/48 s
St. Petersburg	-4/25	-9/16 pc	-5/24	-7/20 sn
Sofia	4/39	4/39 sn	8/46	2/36 sh
Stockholm	1/34	-3/27 sn	-1/31	-7/20 pc
Strasbourg	8/46	2/36 r	3/37	1/34 sn
Tallinn	-3/27	-4/25 sn	-8/18	-9/16 sn
Tbilisi	8/46	-6/22 c	7/44	-1/31 pc
Vaduz	13/55	4/39 sh	10/50	2/36 c
Vienna	8/46	3/37 sh	4/39	-3/27 c
Warsaw	2/36	0/32 c	-1/31	-8/18 c
Zurich	7/44	2/36 r	3/37	1/34 sn

Middle East

	Saturday High C/F	Saturday Low W C/F	Sunday High C/F	Sunday Low W C/F
Abu Dhabi	31/88	19/66 s	29/84	17/62 s
Beirut	16/61	9/48 sh	13/55	9/48 pc
Cairo	17/62	5/41 pc	17/62	7/44 s
Damascus	9/48	-2/29 pc	13/55	1/34 s
Jerusalem	9/48	-1/31 pc	12/53	2/36 s
Luxor	29/75	10/50 pc	29/75	9/48 s
Riyadh	32/89	19/66 pc	24/75	12/53 pc
Tehran	16/61	1/34 sh	8/46	-2/29 s

Asia

	Saturday High C/F	Saturday Low W C/F	Sunday High C/F	Sunday Low W C/F
Almaty	10/50	1/34 s	13/55	6/41 r
Bali	32/89	24/75 t	32/89	24/75 t
Bangkok	34/93	22/71 s	32/89	23/73 s
Beijing	6/43	-4/25 s	9/48	1/34 s
Bombay	33/91	22/71 s	33/91	22/71 s
Calcutta	34/93	19/66 s	34/93	19/66 s
Chiang Mai	34/93	14/57 pc	32/89	13/55 s
Colombo	30/86	24/75 t	30/86	24/75 t
Hanoi	17/62	14/57 pc	19/66	16/61 pc
Ho Chi Minh	34/93	22/71 s	33/91	23/73 s
Hong Kong	16/61	11/52 pc	17/62	13/55 s
Islamabad	21/70	7/44 pc	23/73	10/50 pc
Jakarta	29/84	24/75 t	27/80	24/75 t
Karachi	23/82	17/62 s	30/86	17/62 s
K. Lumpur	33/91	22/71 pc	32/89	23/73 pc
K. Kinabalu	29/84	22/71 s	27/80	23/73 r
Manila	32/89	19/66 pc	32/89	19/66 pc
New Delhi	23/82	13/55 s	23/82	13/55 s
Phnom Penh	34/93	21/70 s	32/89	22/71 pc
Pleiku	34/93	22/71 s	32/89	23/73 s
Rangoon	36/97	18/64 pc	35/95	17/62 s
Seoul	0/32	-11/13 s	-1/31	-7/20 s
Shanghai	11/52	-1/31 s	9/48	-1/31 s
Singapore	31/88	23/73 pc	29/84	23/73 r
Taipei	14/57	9/48 pc	16/61	9/48 pc
Tokyo	9/48	1/34 s	8/41	1/34 pc
Vientiane	29/84	12/53 pc	28/82	13/55 s

Africa

	Saturday High C/F	Saturday Low W C/F	Sunday High C/F	Sunday Low W C/F
Algiers	16/61	8/46 pc	16/61	7/44 pc
Cape Town	30/86	19/66 s	31/88	17/62 s
Casablanca	21/70	10/50 s	21/70	11/52 c
Harare	24/75	12/53 r	22/71	10/50 r
Johannesburg	27/80	17/62 sh	28/82	16/61 pc
Lagos	32/89	24/75 s	31/88	24/75 pc
Nairobi	29/84	11/52 pc	32/89	12/53 s
Tunis	14/57	9/48 pc	16/61	7/44 pc

Latin America

	Saturday High C/F	Saturday Low W C/F	Sunday High C/F	Sunday Low W C/F
Buenos Aires	34/93	23/73 s	32/89	21/70 pc
Caracas	29/75	17/62 pc	29/75	19/64 pc
Lima	29/84	22/71 c	28/82	22/71 s
Mexico City	25/78	9/48 s	19/66	6/43 s
Rio de Janeiro	29/84	22/71 s	29/84	23/73 pc
Santiago	32/89	19/66 s	31/88	12/53 s

Oceania

	Saturday High C/F	Saturday Low W C/F	Sunday High C/F	Sunday Low W C/F
Auckland	24/75	17/62 pc	24/75	18/58 pc
Sydney	23/73	17/62 pc	23/75	17/62 pc

North America

	Saturday High C/F	Saturday Low W C/F	Sunday High C/F	Sunday Low W C/F
Anchorage	-6/29	-11/13 s	-2/29	-9/16 sn
Atlanta	13/55	2/36 pc	8/46	-9/27 sh
Boston	5/37	-6/22 sf	-3/29	-9/16 sf
Chicago	0/32	-9/16 pc	0/32	-9/16 s
Dallas	16/61	3/37 pc	13/55	7/44 s
Denver	9/48	-9/27 s	10/50	-4/25 s
Detroit	1/34	-9/16 pc	-1/31	-11/13 s
Honolulu	23/73	17/62 sh	22/72	19/64 pc
Houston	22/71	7/44 s	19/66	7/44 s
Los Angeles	21/70	12/53 pc	19/66	9/48 sh
Miami	24/75	12/53 s	21/70	9/48 pc
Minneapolis	-2/29	-9/16 sn	-2/29	-9/16 pc
Montreal	-6/24	-13/9 sf	-8/18	-21/-5 sf
Nassau	24/75	18/64 s	22/71	13/55 s
New York	2/36	-6/27 sf	1/34	-9/16 sf
Orlando	21/70	7/44 s	14/57	2/36 sh
Phoenix	29/79	14/57 s	28/77	11/52 pc
San Fran.	16/61	9/48 r	14/57	7/44 r
Seattle	10/50	3/37 sh	11/52	3/37 sh
Toronto	-7/20	-13/9 sf	-8/18	-19/0 pc
Vancouver	7/44	-2/29 sh	6/41	-2/29 sh
Washington	5/37	-2/29 pc	2/36	-7/20 pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, f-ice, W-Weather.

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Daniel Aguilar/Reuters

VOLCANO REFUGEES — *Troops doling out food to evacuees from the Colima volcano, in southwestern Mexico, where light explosions continued.*

POLITICAL NOTES

New Blow to Democrats

WASHINGTON — Senator Richard Bryan of Nevada has become the third Democratic senator to announce he will not seek re-election oext year, dealing another hlow to the party's hopes of regaining control of the Senate in 2000.

"It's time to come home," the 61-year-old told supporters Thursday in Las Vegas.

Only the day before, Frank Lautenberg of New Jersey, 75, surprised Senate colleagues by saying he would not seek a fourth term, explaining that be did not want to spend most of the next two years raising money. Earlier, Daniel Patrick Moynihan, 71, decided to forgo a bid for a fifth term as senator from New York.

Republicans have 55 of the 100 seats in the Senate, but head into the elections next year at a disadvantage because they will be defending more seats than the Democrats, and many of those seats are held by first-term senators wbo won by relatively narrow margins in the Republican sweep of 1994.

But the three pending retirements will make it harder for the Democrats to bold their existing seats. No Republican senator has announced retirement, although Connie Mack of Florida has not said whether he will run again. *(WP)*

Clinton-Moynihan Chat

WASHINGTON — Hillary Rodham Clinton met with Daniel Patrick Moynihan on Friday at the White House as she weighed the possibility of seeking his Senate seat.

"It's a private meeting," said Marsha Berry, Mrs. Clinton's press secretary. "That's all we're saying about it."

Mrs. Clintoo said this week that she was giving "careful thought to a potential candidacy" for Mr. Moynihan's seat.

A majority of registered voters in New York State — 56.1 percent — maintain she should run, according to a Marist Institute for Public Opinioo poll taken Tuesday and published Thursday. *(Reuters)*

Quote / Unquote

Representative James Rogan, Republican of California, on Democrats' threats to unseat him over his role as one of the most visible of the House "managers," or prosecutors, of the Senate impeachment trial of President Bill Clinton: "I'll wear that bull's eye proudly. Let them go ahead and make an issue of it because I might just end op jamming it down their throat." *(AP)*

Away From Politics

- **Several abortion clinics across the nation** closed for a day after receiving packages with warnings that they contained the anthrax bacterium. The threats apparently were false. *(AP)*
- **Too few Americans over age 49 are regularly screened for colorectal cancer,** according to a government study. *(AP)*
- **Pesticide residue in most domestic U.S. produce is higher or more toxic than in imports,** a Consumers Union analysis found. *(NYT)*

Cohen Battles to Win the Hearts of Civilians

By Steven Lee Myers
New York Times Service

REDMOND, Washington — Fewer young people in the United States say they are willing to consider military service. The number of veterans on Capitol Hill declines with each new Congress. The armed services have shrunk, and military bases are closing.

The military's place in American society is not what it once was.

But has it really come to this? The secretary of defense has started what he calls "a very aggressive campaign" to persuade the public that the military still matters.

In a series of appearances not normally associated with the nation's top Defense Department official, Defense Secretary William Cohen, who himself never served in uniform, is trying to make just that case.

The bope, Mr. Cohen says, is to "reconnect America to its military" before what many have portrayed as a widening gap between the military and civilian cultures becomes a more dangerous breach.

He took his campaign on Thursday to the headquarters of Microsoft Corp., the computer-software giant whose ranks are filled with a generation of the sort of educated, innovative young people who now seem to give little thought to a stint in the all-volunteer military, let alone a career.

"There is also a gap that exists between some in this indnstry and our military," Mr. Cohen told some 150 polite and atteotive employees gathered in Building 43 oo Microsoft's sprawling campus bere in Redmond. "It's not unique to this industry, but is somewhat indicative of our country."

In introducing Mr. Cohen, Bill Gates, the chairman of Microsoft, ooted that the Defense Department was Microsoft's largest client and discussed ways the two could do even more business together in the future. But Mr. Cohen devoted the bulk of his remarks to a recitation of the military's role in insuring the global stability that allows companies like Microsoft to prosper.

In January, Mr. Coheo addressed the Illinois General Assembly in Springfield, calling for moral and political support for the armed services. In the weeks ahead, trips are planned to the Arkansas Legislature, the Kansas City Board of Trade and City Hall in New Orleans.

As an institutioo, the military remains widely respected. A Harris Poll issoed two weeks ago said Americans had more confidence in the military than in any other American institution, beating ont the Supreme Court, Wall Street and organized religion. What's more, many cities are deeply shaped by the military's presence — imagine San Diego without the navy — and the armed services still have enormous influence in Congress and beyond.

Still, Mr. Cohen said there was a danger that that support had already begun to wane.

"There's less of a presence in the daily lives of most Americans," Mr. Cohen said in a recent interview at the Pentagon. "And so to the extent that they are not reminded of the role the military plays day in and day out, there's a danger they will not be as supportive."

For Mr. Cohen, this campaign has a practical side, too. President Bill Clinton, under pressure from the Pentagon, has proposed more than 100 billioo in new defense spending over the next six years. And while Republicans in Congress are inclined to spend even more, there are some lawmakers who question why there needs to be any increase.

Others say Mr. Coheo's campaign is not enoogh. "Talking to the chamber of commerce here and there is oot going to help the problem," said John Hilleo, a former army captain and oow senior fellow at the Center for Strategic Studies in Washington.

Mr. Hillen said the services needed to do more to recruit society's elite, perhaps hy offering shorter stints or offering military scholarships beyond those given to the service academies.

"I'd think the bigger problem is down the road," he said, "when we have an eotire corps of leaders, whether in business or politics or academia, who doo't have a clue what the military is all about."

State Department Rebuked on Security

By Philip Shenon
New York Times Service

WASHINGTON — Admiral William Crowe, the retired chairman of the Joint Chiefs of Staff, who headed a State Department investigation of bomb explosions at two U.S. embassies in Africa last summer, says that the State Department is *so frightened of seeking money from* Congress that other embassies could be left vulnerable to terrorist attacks.

Admiral Crowe, who has served as ambassador to London, said Thursday that the funds requested this month hy the State Departmeot for embassy security were clearly inadequate and would leave American diplomats and other personnel abroad vulnerable to terrorist attack.

The administration, he said, may be asking for only enough to "get the pressure off their back."

"The State Department is certainly intimidated by the Congress," Admiral Crowe said, noting that the departmeot had asked for $3 billion over five years, mnch less than half the amount recommended hy two panels of experts.

"I think there are going to be more attacks, and we are going to lose more lives," the admiral said.

The proposed hudget, he suggested, would not allow complete replacement of several embassies that are known to be vulnerable to terrorism.

Admiral Crowe noted that the State Department had committed itself to rebuilding the embassies in Keoya and Tanzania, the two largely destroyed in the vehicle bombings, whicb took the lives of more than 220 people.

"It seems like the best way to get a new embassy built is to have yours blown away," he said.

The blunt criticism, in an interview and in a statement after the interview, apparently reflect the admiral's anger at the State Department for having failed to act on key recommendations he prepared at its reqnest.

Senior department officials rejected much of the criticism, insisting that this mooth's budget requests would result in a significant improvement of security and that more money would be sought.

Kathleen Charles, deputy assistant secretary of state for budget and planning, said in an interview that the $3 billion would allow for building 50 to 60 embassies and other diplomatic missions, mostly replacements. "The Congress has been extraordinarily supportive of our requests," she said, noting that Congress approved a separate $1.4 billion for security in an emergency bill last October.

"They are anxious to work with us oo this. But we all have to work within budgetary constraints."

In its request, the State Departmeot said it would seek $3 billion over five years to fortify and rebuild diplomatic missions abroad, for an average of $600 million a year.

In their final report last month, the two *panels led by Admiral Crowe* — one studied the bombing in Kenya, the other the Tanzania case — recommended a much larger budget — $14 billioo over the oext decade.

The admiral said the requests by the State Department "suggest a timid approacb to the problem — déjà vu."

He said that failing to push for more money could cost lives. "We're talking money vs. lives here," he said. "The idea that we cannot outspend the terrorists or defeat them runs counter to our history and spirit."

Admiral Crowe added that he had compared bow the Pentagon and the State Department handle personnel. "The military takes better care of its people," he said. "The entire State Department has got to begin taking responsibility for security, and eacb individnal has to do things to improve his own personal security. They've got to start taking it seriously."

The Special Prosecutor's Prosecutor?

By David Johnston
and Don Van Natta Jr.
New York Times Service

WASHINGTON — The Justice Department is considering whether to appoint a special investigative prosecutor to conduct its inquiry into charges of possible misconduct by Kenneth Starr, according to government officials.

One specific proposal discussed in recent days is the appointment of a U.S. attorney, possibly one with solid Republican credentials, who would supervise a team of Justice Department prosecutors and FBI agents, the officials said.

Attorney General Janet Reno has not reached any decision on the matter, the officials said. But in recent days her aides have weighed a variety of options should the attorney general choose to take the investigation of the independent counsel away from the Office of Professional Responsibility, the Justice Department's in-house ethics unit.

The investigation will focus on whether Mr. Starr's prosecutors improperly coerced witnesses, disclosed grand jury secrets to the news media and withheld possible conflicts of interest from Justice Department lawyers at the outset of the inquiry into Monica Lewinsky's affair with President Bill Clinton.

The discussions at the Justice Department come in response to a recent exchange of rancorous correspondence between department officials and lawyers in Mr. Starr's office. In a letter to Ms. Reno late last week, Mr. Starr criticized what he regarded as unauthorized disclosures to news organizations about the Justice Department's inquiry.

Mr. Starr also suggested that the Justice Department could not be trusted to conduct an unbiased inquiry, the officials said. On Thursday, Charles Bakaly, a spokesman for Mr. Starr, would not discuss the matter.

Mr. Starr, the officials said, favors an alternate approach that would shift the inquiry outside of Ms. Reno's direct control. Mr. Starr prefers the appointment of a lawyer from outside the Justice Department, someone agreed upon hy Ms. Reno and Mr. Starr.

One person mentioned by Mr. Starr as the kind of candidate with the stature to carry ont such an inquiry was former Attorney General Griffin Bell, who served under President Jimmy Carter and is 80 years old.

Should Ms. Reno ultimately refer the matter to an outside counsel, it would symbolically bring the Whitewater investigation full circle.

Depending on the precise powers granted to such a counsel, Mr. Starr and his prosecutors could be forced to submit to the kind of intense scrutiny that Mr. Starr has trained on Presideot Clinton and White House aides since August 1994.

Still, it is unclear how much authority would be granted to an ontside counsel. There is no provision in the law that permits Ms. Reno to seek an independent counsel to investigate Mr. Starr's operation. But Justice Department officials have concluded that under Ms. Reno's statutory authority, she could appoint a prosecutor with the same power that an independent counsel has to convene grand juries and compel testimony under oath.

But the officials said that the inquiry, as currently envisioned, would more likely be administrative rather than criminal. As such, the maximum penalties if wrongdoing is found would probably amount to reprimands, suspensions or dismissals, rather than felony or misdemeanor charges.

Oregon Lists 15 Legal Suicides in '98

By Sam Howe Verhovek
New York Times Service

SEATTLE — Oregon officials say that in the first year of the only legally sanctioned assisted-suicide program in the world, 15 terminally ill people in the state ended their lives with lethal medication.

The average age of the eight men and seven women who took their lives was 69, the state said Wednesday; 13 had cancer and 2 had heart or lung disease. Fourteen had lived in the state for at least six months and one came to the state to be with a family member.

Eight other people received prescriptions for drugs to end their lives in 1998, but six died from their illnesses before taking the drugs and two were *still alive as of Jan. 1.*

The Oregon Health Division's official report on the state's Death with Dignity Act was quickly hailed by advocates of doctor-aided dying as evidence that the law had not led to abuses, botched suicides or a rush among the sick to move to Oregon for the right to be put to death, as critics of the law had contended.

"This law has been seldom and carefully used with no failures, no complications, oo misdeeds, oo mistakes," said George Eighmey, executive director of Compassion in Dying of Oregon, a group that worked to get the law passed.

The report said that for some physicians the suicide process had exacted a large emotional toll, but some of the doctors also spoke np Wednesday in praise of the law.

"It was a very positive thing to have people gather around and say their final good-byes and reminisce," said Dr. Peter Rasmussen, a cancer specialist in Salem, Oregon.

"One of the potential advantages is, you can plan it — people who have relatives far away can gather everybody together," he said. "I've seen it happen, and it was a very positive, joyful experience."

Bnt far from easing the debate over assisted suicide, the release of the state report seemed only to inflame it.

Archbishop John Vlazny of Portland, the leading Roman Catholic spokesman in Oregon, said that the findings were a cause for "sadness and shame" across the state.

"In allowing assisted suicide to continne, the state of Oregon dismisses the value of human life," he said.

Suicide was briefly legalized in the Northern Territory of Australia, from July 1996 to March 1997, but Oregon is oow the only place in the world where doctor-assisted suicide is legally sanctioned.

In the Netherlands, bowever, it has been practiced for many years; while it is technically illegal there, it is rarely prosecuted. A report in the Journal of Medical Ethics, released Thursday, found evidence of a "slippery slope" in the Netherlands, with many cases of both voluntary and involuntary euthanasia by doctors going "unreported and unchecked."

In Oregon, an adult of sound mind who has, in the opinion of two doctors, less than six months to live may request anthorization for lethal drugs. Doctors may prescribe but not administer the lethal dose. Those wishing to die fill out and sign a single-page form, titled "Request for medication to end my life in a humane and dignified manner."

A Different Image: Turks See Humbled, Handcuffed Kurdish Rebel on TV

By Stephen Kinzer
New York Times Service

ISTANBUL — Turkish television stations have devoted endless hours this week to rebroadcasts of a three-minute videotape that many Turks had doubted they would ever see.

It showed the captured Kurdish guerrilla leader, Abdullah Ocalan, reviled here for years as "Vampire" and "Baby Killer," handcuffed and sweating in the custody of jubilant Turkish commandos.

The soundtrack was even more astonishing than the pictures.

This towering figure, the focus of one of the world's last Stalin-like personality cults, hero to thousands of Kurdish militants and demon to millions of Turks, a man who has cost Turkey huge amounts of blood and money, and who could reputedly order tortures and executions between dinner courses without the slightest disturbance to his digestion, blubbered like a child.

"I really love Turkey and the Turkish people," the rebel told his captors. "My mother was Turkish."

Later in the videotape, he said: "Sincerely, I will do all I can to be of service."

Mr. Ocalan was groggy when he spoke, possibly still under the influence of knockout drugs. The video had obviously been heavily cut. Nonetheless, there was no sign of the defiant revolutionary who had vowed for years to lead his people to liberation or death.

For Mr. Ocalan's friends and enemies alike, these scenes could not help but raise the question of what will happen to the Kurdish nationalist movement now that its most visible leader has been captured.

NEWS ANALYSIS

Moch will depend oo whether Turkey's leaders feel able to move away from the unyielding positions they have held in the past, insisting that there is no such thing as a Kurdish minority and that allowing the emergence of moderate Kurdish groups is intolerable because such groups only stoke the fires of separatism.

Several times in recent years, Turkish politicians have sought to challenge this orthodoxy. The first was President Turgut Ozal, who claimed Kurdish ancestry himself and said he was committed to making cultural concessions to Kurds. The established elite was horrified, believing that Mr. Ozal was opening a Pandora's box of troubles, and his policies were quickly discarded after his death in 1993.

Later, Prime Minister Tansu Ciller, returning from a meeting with Prime Minister Felipe Gonzalez of Spain, told reporters that Turkey might give Kurds autonomy along the lines of the "Basque model." She was so sharply reprimanded by military commanders that she not only retracted her suggestion but also denied ever making it.

More recently, Turkish business leaders have urged a new approach. In 1997, the principal business association here issued a report proposing that Kurds be allowed to give their children and their villages Kurdish names, to use and teach Kurdish languages as they pleased and to be allowed to form their own political parties and associations. Military and political leaders angrily rejected the report.

Mr. Ocalan's capture in Kenya last week reopens this debate. The operation was a tremendous victory for Turkey. Now Turkish leaders may ask themselves how to make that victory complete, how to wean Kurds away from violence once and for all.

"Kurdish self-awareness is expanding and will not go away," two American specialists, Henri Barkey and Graham Fuller, asserted in a study last year. "Realistic solutions are ones that satisfy Kurdish aspirations without truly threatening a modern democratic Turkey."

"Violence can be undercut only when Kurds realize that they have clear reason for hope for progress using other means," their study asserted. "Acceptance of the cultural diversity of Turkey should not be taken as a reflection of the country's weakness."

In the past, many Kurdish politicians have functioned as more or less open supporters of Mr. Ocalan and his rebels.

Among them is Leyla Zana, an imprisoned former member of Parliament who has received a peace prize from the European Parliament and is a symbol of Kurdish militance. She asserted in a recent statement that Kurds considered Mr. Ocalan's guerrilla group to be "their tongue, their ears, brain and very blood — their hearts and veins."

Other Kurdish politicians, however, have distanced themselves from guerrilla violence. One is Hasim Hasimi, who was mayor of the embattled Kurdish town of Cizre and is now a member of Parliament.

Mr. Hasimi's views are about as close to Kurdish nationalism as is possible within the limits of Turkish legality. Besides arguing for Kurdish rights, he listens to cassettes of Kurdish folk songs in his car and, when at home, watches the pro-guerrilla satellite-relay MED television station, which is based in Belgium.

Last week, he expressed the hope that Mr. Ocalan's capture might prove a turning point.

"This is a chance for Turkey to make the transition to full democracy," Mr. Hasimi said. "We need to let people enjoy their own cultural identities, and to renounce all forms of ethnic discrimination. Turkey shouldn't be afraid of its own people. We need to grab this chance for peace with the same audacity we used in grabbing Ocalan."

"Over the last 15 years, we've had 30,000 people killed and many others missing. There has been mass emigration from the Kurdish region. Many villages have been deserted. Bnt I believe that our society will be able to put this all behind us. The feeling of brotherhood is still very strong here. We are going to live in peace again."

MiG-21 Sends A Message to U.S. Monitors In Kosovo

By Steven Erlanger
New York Times Service

BELGRADE — As U.S. monitors of Kosovo's fragile cease-fire prepared to pull out of Yugoslavia before a Western deadline of Saturday noon for a peace settlement, a Yugoslav MiG-21 flew a low barrel-roll on Friday over the Americans' headquarters.

The MiG was no more than 500 feet above the roof of the Hotel Herzegovina in Kosovo Polje, just outside Pristina. "It's just a 'Hi, how are ya? We know you're there' from Milosevic," an American diplomat said, once the noise faded.

As the Yugoslav president, Slobodan Milosevic, pondered the West's threat of air strikes and rebuffed a visit from the American envoy, Christopher Hill, American and Western diplomatic and aid personnel began to leave Yugoslavia.

In an anxious Belgrade, citizens went about their normal business.

But a senior Western official said the situation was becoming dicey, "and the prospect for bombing is taking on a kind of momentum, especially from the Americans."

He said that Mr. Milosevic "appeared to be unsure of what to do."

But bombing is not expected immediately after the deadline, another senior diplomat said, but could follow within a day or two, and he did not rule out a visit here on Saturday morning from the British and French foreign ministers, Robin Cook and Hubert Vedrine, possibly joined by a reluctant Secretary of State Madeleine Albright.

Still, most Western diplomatic personnel prepared to leave Belgrade on Saturday in a coordinated departure designed to underscore the seriousness of the threat — and to avoid possible retaliation or hostage-taking from angry mobs or police if bombing does occur.

In what the American Embassy called an "authorized departure," meaning the paid travel out of the former Yugoslavia for most dependents and non-essential embassy personnel, about 65 percent of the staff were ready to leave Saturday.

Sensitive equipment and files have already been moved out or packed, and the top American diplomat in Belgrade, Richard Miles, visited Yugoslav officials on Friday to remind them of their obligations to protect foreign diplomats and embassy buildings under the Vienna conventions.

All official American personnel in Kosovo, including the six or so diplomatic personnel still attached to the American Kosovo Diplomatic Observer Mission, left, mostly for the short drive to Skopje, the capital of Macedonia.

They were joined by large numbers of aid workers from international agencies like the International Rescue Committee and Catholic Relief Services, easily recognizable in the big white four-wheel drive vehicles that normally crowd Kosovo's narrow roads.

The aid agencies were leaving skeleton staffs in Kosovo.

The U.S. Information Service office in Pristina was empty except for security guards, and the USIS office in Montenegro was also closed.

While American diplomats had said it would be "the wrong signal" to leave before the Saturday deadline passed, they were ordered to do so anyway.

On Friday night, the so-called verifiers of the Organization for Security and Cooperation in Europe had an evacuation exercise, packing their bags and leaving from the dreary, Soviet-style Grand Hotel in Pristina, before returning less than an hour later.

But the 1,200 or so verifiers worked normally during the day across Kosovo, and organization officials said that they were still hopeful for a deal. If not, the order to leave Kosovo might come only on Sunday, the officials said. The verifiers are reluctant to leave, believing that they provide a measure of protection to the ethnic Albanians in Kosovo from Serb security forces.

Serb forces on Friday were more in evidence in Kosovo, in an apparent show of force, similar to the MiG barrel roll.

In Belgrade, Canadian diplomatic families packed into cars and headed for Budapest. The Canadians were leaving their visa office open, however. Staff in the Dutch Embassy left, as did the non-essential British staff and the families of British diplomats. Ordinary Western citizens were advised to leave Yugoslavia by all their embassies.

There was a similar draw-down last October, when NATO also threatened to bomb Serbia. That threat was defused by an agreement between Mr. Milosevic and the American envoy, Richard Holbrooke. But Serb violations of that agreement, including alleged massacres of ethnic Albanian civilians, have brought this latest crisis to a more decisive moment, with Kosovo's future hanging in the balance.

Albanians on the streets of Pristina expressed concern Friday about Serb retaliation against them if NATO bombs and no Western verifiers are in place to at least witness what happens.

On state television Friday night, Mr. Milosevic told a visiting Cypriot delegation: "Threats of bombarding our country if it does not allow foreign occupation of its territory should be a warning for the whole world. This should be a warning for everyone who cares about peace and freedom."

Nikola Solic/Reuters

British soldiers based in Macedonia training on Friday as they prepared for a possible mission into Kosovo.

KOSOVO: *Rebuff by Milosevic Puts a Cloud Over the Peace Effort*

Continued from Page 1

Group plan." The six-nation Contact Group — made up of the United States, France, Britain, Germany, Italy and Russia — organized the peace conference that is limping to an apparently fruitless end in Rambouillet, outside Paris.

Rumors swirled that the negotiating clock would be stopped before noon oo Saturday to extend the chances for a deal. But a senior American official said that would be possible only if there was broad agreement on the two key elements of the proposed settlement for the year-old war in Kosovo:

• Yugoslavia's willingness to permit as many as 30,000 foreign troops to supervise the settlement on the ground in Kosovo.

• Acceptance of autonomy and self-rule, short of immediate independence, for the 2 million Kosovars, all but 10 percent of whom are ethnic Albanians.

Mr. Hill, who is the principal Western interlocutor with Mr. Milosevic, was preparing to brief Secretary of State Madeleine Albright, who was to arrive in Paris from Washington.

■ **Strong Warning by NATO**

William Drozdiak of The Washington Post reported from Brussels:

The NATO allies gave their strongest military warning yet to Yugoslavia on Friday, stating that its refusal to accept an international peacekeeping force in Kosovo could trigger a massive bombing campaign that would devastate the country's air-defense system.

On the eve of the deadline set for a Kosovo peace deal, ambassadors from the 16 member states approved a declaration saying the alliance is "ready to take whatever measures are oecessary" to persuade the Serbs and the Kosovo Albanians to achieve a settlement, based on the agreement put forward the six-natioo Contact Group.

Senior NATO diplomats said the defiance shown by the Serbs had shifted momentum toward what they called the "negative scenario" of a collapse in the peace talks and punitive bombing raids.

2 U.S. Jets Hit Iraq Radar Site

Agence France-Presse

STUTTGART — Two U.S. warplanes attacked an Iraqi radar site in the northern no-flight zone on Friday after the station locked onto the aircraft, the European command of U.S. forces reported here.

"Two U.S. F-16s launched two high-speed anti-radiation missiles in self-defense at a radar site near Mosul that illuminated the aircraft," a spokeswoman said, referring to the term for radar acquisition.

The planes acted in "self-defense" in the incident, she said, adding: "There was no damage to coalioon aircraft. Damage to the Iraqi site is currently being assessed."

The incident came at a time when the Turkish Army was carrying out a cross-border operation against Kurdish rebels, an operation that drew strong criticism from Baghdad.

The official Iraqi news agency INA said Thursday that Iraqi anti-aircraft gunners were involved in an encounter with planes from the joint U.S.-British force patrolling the no-flight zone in northern Iraq. But Pentagon officials denied the report about actioo Thursday, saying that routine patrols had been carried out without incident.

The no-flight zone in the north is patrolled by planes taking off from the Incirlik air base in southern Turkey, while the southern no-flight zone is monitored from air bases in Saudi Arabia and Kuwait.

There have been several exchanges between Iraqi air defense and allied aircraft in the no-flight zones since an intensive four-day bombing campaign by the United States and Britain against Iraq in December.

Baghdad does not recognize the no-flight zones, which were imposed after the 1991 Gulf War to protect Kurdish and Shiite minorities in Iraq from Iraqi helicopter gunships and jets.

Paolo Cocco/The Associated Press

CALL FOR A CAPITAL — Yasser Arafat meeting with Pope John Paul II in Rome, where Mr. Arafat said Friday at a UN conference that a Jerusalem without walls or barriers could be the capital of two states.

GREEKS: *Feeling Crushed*

Continued from Page 1

pride or self-esteem that people say is too intrinsically Greek a concept to translate accurately. Greeks love to remind foreigners that they invented democracy. They also stake a first claim on national pride.

Theirs, they say, is 3,000 years old and like no other. "This was a direct hit at our philotimo," said Yannis Kapsis, a former foreign minister and a member of Parliament from Mr. Simitis's Socialist party. Mr. Kapsis, who has been one of the government's harshest critics over the Ocalan affair, said that such a blow to Greek pride could not easily be surmounted. "The side effects will be felt for months, if not years," he said.

The concern about the country's pride, echoed on television talk shows and newspapers, in cafés and kitchens, stretches across generations and across sexes. "I feel awful," said Paghona Simou, a 21-year-old student in public adminstration. "This is something that leaves us with no honor."

The embattled prime minister struggled Friday to regain some of his, making his first public appearance since the affair unfolded.

Mr. Simitis, who had been out with the flu, said that his government had made "mistakes," but also placed some of the blame on his European colleagues. He reproached European countries for refusing to act together to seek a solution to the Ocalan problem and, instead, timing him away when he flew from airport to airport in search of safe haven.

"They also share responsibility for subsequent developments," Mr. Simitis said.

It seemed unlikely that Mr. Simitis's statement would comfort many of his countrymen.

"I am a Socialist, I vote for the government party, but I believe they did not give Ocalan to the Turks by accident," Christos Emmanuel, 19, a student of social anthropology at Pantion University, said glumly.

"We are a small county, we need money and protection. I feel like our old character, our Greek identity, has disappeared. I never expected this from a socialist government. My ideals are shaken."

Mr. Emmanuel and his friends said they thought idealism was part of the national character. "Ours is a history of struggle for democracy, and this is not in line with that."

There were some who saw the Greek loss of face in slightly less idealistic terms. "I felt frustration," said Jason Stratos, president of the Federation of Greek Industries. "No matter what we do, Turkey manages to get the upper hand."

Few Greeks have been quoted as saying that they think Greece should have offered Mr. Ocalan asylum, an act that would have been tantamount to a declaration of war with Turkey, its traditional foe.

Rather, they bemoan Greece's weakness, first in failing to prevent Mr. Ocalan's supporters from bringing him into Greece clandestinely and then for lending him ineffectual support that landed him in a Turkish prison, facing the possibility of a death sentence.

Again, they view it as a failure that has more resonance to Greeks than to anyone else.

He came here as an "*iketis*," Mr. Kapsis said, a word that means "supplicant," derived from a religious law in ancient Greece requiring that sanctuary be given to those who seek it in a temple.

"Once he got into our country, we were morally obliged to shelter him."

He paused, and added a more practical approach: "The mistake was letting him in. There was no moral obligation until he set foot here."

Kurdish Protesters Seize More Sites

Compiled by Our Staff From Dispatches

PARIS — A group of militant Kurds occupied the UNESCO offices in Paris on Friday to protest the detention in Turkey of Abdullah Ocalan, the Kurdish rebel leader, the organization said.

Hundreds of angry Kurds assembled in the early afternoon in front of the UNESCO building, the police said. They left about two hours later.

In Hamburg, Germany, some 1,000 Kurds staged a protest in support of Mr. Ocalan and to criticize the fatal shooting on Wednesday of three Kurdish protesters by security officers at the Israeli Consulate in Berlin.

In Bern, Kurds occupied the headquarters of a Swiss political party and seized two hostages on Friday, officials said.

"They took two people hostage around 4 P.M.," said Franz Staempfli, general secretary of the Radical Democratic Party. He could not say if the demonstrators were armed.

Policemen in Geneva said a group of Kurds briefly occupied the World Council of Churches headquarters before leaving peacefully after reading a statement. *(AFP, Reuters)*

Passport Fight Flares in Bonn

Reuters

BONN — The conservative opposition in Germany called Friday for stronger laws to expedite the deportation of foreigners, and said that an outburst of violence by Kurds this week would strengthen an emotional campaign against relaxing requirements for German citizenship.

The Christian Democratic Unioo said that any foreigner sentenced to a year or more in jail for violence should automatically be deported.

"Anyone here who behaves so violently that he is sentenced to one year has to get out," said Juergen Ruettgers, deputy leader in Parliament of the Christian Democratic Union and the Christian Social Union, the Bavarian wing.

Reformers fear that clashes between Kurds and the police could play into the hands of right-wing extremists trying to stir up sentiment against the total of 7.4 million foreigners in Germany — workers, refugees and dependents.

Even mainstream politicians sense public apprehension over the demonstrations and attacks on diplomatic missions by Kurds protesting Turkey's capture of the Kurdish rebel leader, Abdullah Ocalan.

The popular press has splashed headlines such as "Kurdish Terror" across their front pages and has warned of the danger of a civil war between the more than 400,000 Kurds and the much larger community of Turks.

The police said Friday they had detained 1,600 people and arrested 500 of them for clashing with the police, storming 14 diplomatic missions and setting fire to 26 Turkish shops and offices.

Three Kurds were shot and killed attempting to occupy the Israeli Consulate in Berlin.

The Christian Democratic Union's leader, Wolfgang Schaeuble, and the Christian Social Union's chief, Edmund Stoiber, condemned the violence at a joint news conference.

The CDU and the CSU have obtained a million signatures against Chancellor Gerhard Schroeder's plan to issue German passports to three million of the foreign residents.

G-7: *Ahead of Bonn Meeting, Europe's Finance Ministers Disagree Over Proposals to Limit Currency Fluctuations*

Continued from Page 1

clout remains limited. European economic growth has slowed while American growth has defied predictions and surged once again.

Indeed, the euro has weakened steadily against the dollar. The extent of the slide has surprised many experts as well as European Central Bank officials, but it reflects the economic weakness.

The Bundesbank estimated Friday that the German economy contracted by 0.4 percent in the fourth quarter of 1998, largely because renewed financial turmoil in Asia and Latin America severely hurt exports. Last week, the Italian government reported a sharp decline in the nation's industrial production.

Worries about a further slowdown have complicated the argument over whether a new financial architecture is needed — and, if so, what type.

Officials at the European Central Bank adamantly argue that trying to coordinate exchange rates would play havoc with normal economic policy. Such attempts would inherently clash with the bank's primary responsibility to preserve price stability, they argue. In addition, they warn, it could force the bank into perverse decisions.

"If we stabilized exchange rates, we would end up with interest rate swings, and those are even more damaging than exchange rate swings for investment activities and the credibility of monetary policy," Sirkka Hamalainen, a member of the central bank's board, said in a German newspaper interview published Friday.

If the European economy slows down more than it has already, she said, the bank might have to raise interest rates to support the euro's value, a move that would slow the economy even more.

But European finance ministers are also divided over basic monetary policy. Mr. Lafontaine has loudly pressured the new central bank to lower interest rates, attending a board meeting Thursday to argue that the European economy needs a lift from cheaper money.

Those efforts failed to budge the bank, and they appear to have irked some other European finance ministers.

"To have that debate externally is useless — it causes the ECB to stick to its position and close itself off," said Jean-Jacques Viseur, the Belgian finance minister, in an interview with the Belgian newspaper De Morgan.

Jean-Claude Trichet, president of the Bank of France, said Friday that the European economy did not need to be rescued. "We have a situation that appears to be under control," he said. "We are not worried about the risk of inflation, and we're not worried about the risk of deflation either."

Some economists argue that the policy divisions within Europe mirror economic divisions. The economies of Germany and Italy have slowed dramatically in the last few months, and most economists predict that unemployment will remain above 10 percent in both countries.

But France appears to be growing a bit more rapidly, and smaller countries, such as the Netherlands, Finland, Spain, Portugal and Ireland, are growing much more robustly.

"What we are seeing is a prime example of how divergences in the real economy are making it difficult to speak with a single economic voice," said Thomas Mayer, senior economist at Goldman Sachs & Co. in Frankfurt.

In campaigning for a system to limit major currencies' fluctuations to "target zones," or various other forms of "coordination," Mr. Lafontaine does have support from France and Japan.

But in the United States, both Mr. Rubin at the Treasury Department and Alan Greenspan, chairman of the Federal Reserve Board, have flatly rejected such ideas. Mr. Rubin argued this week that the only real way to ensure stability was for all countries to have sound fundamental economic policies.

Meanwhile, finance ministers will spend much of Saturday discussing proposals by Hans Tietmeyer, president of the Bundesbank, to strengthen supervision of global financial markets. The German strongly opposes creating any new supervisory structures or agencies to regulate global markets.

Instead, he will propose what he calls a "Financial Stability Forum" of top international regulators and economic policymakers, who would meet twice a year to share information and discuss issues.

Bangladeshis Link bin Laden to Local Imitators of Taleban

By Kenneth J. Cooper
Washington Post Service

DHAKA, Bangladesh — The reputed terrorist Osama bin Laden has financed at least one Muslim militant group that aims to transplant to Bangladesh the extreme brand of Islam that the Taleban militia has enforced in most of Afghanistan, security officials here say.

The close neighbors of Afghanistan — Iran, the former Soviet republics of Central Asia, India, Pakistan and China — have worried that the Taleban would attempt to export militant Islam to their countries.

But the leap across the Subcontinent from arid Afghanistan to lush, humid Bangladesh with the help of Mr. bin Laden, the Afghan-based Saudi exile suspected of masterminding the bombings last year of two U.S. embassies in East Africa, caught officials in this capital by surprise.

Security officials said they had not been aware of the Bangladeshi group that Mr. bin Laden financed, Harkat ul-Jihad, until last month, when three of its members unsuccessfully tried to kill a leading Bangladeshi poet with an ax.

Two attackers were arrested Jan. 18 at the poet's home in Dhaka, and the police later detained 16 additional suspects in a crackdown in the capital, a suburb and the southern port city of Chittagong. The top two leaders of the group escaped and fled the country.

Some suspects have told the police that one of the fugitives, Abdul Hye, a Muslim cleric from Chittagong, received funds directly from Mr. bin Laden.

"They said, 'Our chief is linked up with Osama bin Laden,'" a security official said.

A local newspaper said Mr. bin Laden had funneled $1 million to the group through four bank accounts in Dhaka. The police confiscated the equivalent of $1,650 in Bangladeshi currency during a Jan. 19 raid on the small Dhaka apartment where Mr. Hye had lived for three years.

Security officials said other suspects also had identified one of the men arrested, a South African of Indian descent, Ahmed Sidiq Ahmed, as a "personal friend" of Mr. bin Laden. A Pakistani also was detained.

The allegations surrounding Harkat have emerged at a time when events in Bangladesh are drawing the attention of international counterterrorism agencies whose efforts are directed against Mr. bin Laden.

In December, the Indian authorities detained a Bangladeshi, Sayed Abu Nasir, a member of another fundamentalist group, after he told U.S. officials of a plan allegedly supported by Mr. bin Laden to bomb U.S. diplomatic missions in India. State Department officials have not substantiated Mr. Abu Nasir's statements.

In addition, local newspapers have reported that Mr. bin Laden visited Bangladesh in recent years. Government officials have said they have on way of confirming such a visit because Mr. bin Laden's name was not on an immigration watch list.

Although Bangladesh is predominantly Muslim, government officials and Western diplomatic sources say a violent movement styled after the Taleban would have a hard time taking root there.

"Bangladesh's is a kinder, gentler form of Islam than what you see on the other side of the Subcontinent," a Western diplomatic source said.

As evidence of Harkat's limited capacity to carry out violent operations, security officials cited the botched attempt to kill Shamshur Rahman, 70, whom some critics regard as the best living poet in the Bengali language. Mr. Rahman's wife, daughter-in-law and maid managed to ward off the three attackers inside his home. Besides the small ax, the attackers carried a single-shot, homemade rifle they never had a chance to fire.

"These people are not well trained," the security official said.

During interrogation, the two attackers in custody said Harkat had planned to kill Mr. Rahman and three other intellectuals because of their liberal beliefs.

Having Faith in Education

Hindu Leaders in India Assail Christians, But Still Send Children to Church Schools

By Celia W. Dugger
New York Times Service

GANDHINAGAR, India — The way political leaders here in Gujarat state have been talking lately, one might think they want nothing to do with Christian missionaries.

Chief Minister Keshubhai Patel, of the Hindu nationalist Bharatiya Janata Party, has accused them of bribing poor, illiterate Hindus to convert to Christianity. "This cannot be allowed," he told Frontline magazine.

And last month, the intelligence branch of the state police sent out a secret circular instructing officers to find out where Christians live, the identities of their leaders, the foreign countries purportedly encouraging them, any firearms they possess and "the tricks" they use to convert people. They were also to collect dossiers on Christians with "criminal minds."

These words and deeds coincide with an unusual upsurge in attacks against Christians in India. Some say zealots have been emboldened by the statements of Hindu nationalists like Mr. Patel, whose party came to power in March both in Gujarat and as the head of a national coalition government in New Delhi.

Yet despite the hostility to Christians in Gujarat, where Hindu militants have attacked dozens of Christian prayer halls and schools over the last year, several Hindu nationalist leaders, including Mr. Patel, have chosen to have their offspring educated by those same reviled Roman Catholic missionaries.

Some of these officials explain that while the children of uneducated, lower-caste people are vulnerable to the conversion methods of the missionaries, their own children and grandchildren — from educated, prosperous, devoutly Hindu families — would never be tempted. The missionaries also happen to have a reputation for running some of the finest schools in the state.

Mr. Patel declined to be interviewed, but his daughter-in-law, Manjuben Patel, confirmed in a brief telephone interview that she and her husband live in a traditional, extended family with the chief minister and that her son goes to Mount Carmel, a Catholic school here in the state capital.

Mr. Patel's grandson is far from alone. The children of the ministers of Transport, Fisheries and Youth Services and the chairman of the State Finance Corporation — all elected state legislative assembly members from the Bharatiya Janata Party — also attend Catholic schools.

In a recent interview, Transport Minister Bimal Shah described what he said were the connivances Christians use in rural areas to convert low-caste children. Behind him was a portrait of the leader of the Hindu nationalist group that spawned the Bharatiya Janata Party, the late Madhav Golwalkar, who condemned Christians for trying to demolish India's Hindu way of life.

Mr. Shah narrated a version of an anecdote that Mr. Patel and others have repeated as evidence of the missionaries' nefarious intentions.

Mr. Shah said he had heard that it happened like this: A group of children, accompanied by nuns, were on a bus when the driver suddenly stopped and locked the door. The sisters asked the children what God they believed in and they replied that they were Hindus.

So the nuns suggested the children pray to their Hindu God to start the bus. The motor stayed silent. Then they suggested the Muslim children pray to Allah. Still the bus did not start. Only when the children prayed to Jesus Christ did the driver turn the ignition key.

"They try to convert the small children," Mr. Shah said indignantly. "They mentally prepare them to believe that the only God on earth is Jesus Christ."

Mr. Shah never volunteered that his twin 7-year-old daughters attend Mount Carmel, run by Sister Prescilla Lobo of the Apostolic Carmel Congregation.

"It's very near to my residence," explained Mr. Shah, who was a bit flustered when asked where his children went to school. "In education, the Christians do very well."

Most parents, after all, want a good education for their children, whatever their politics, be they rich or poor, Hindu, Muslim or Christian.

While the fear that children may lose their family's religious faith is common in many cultures, Christians have made few inroads in India, even though they have been here for more than a millennium. And in recent years, there has been no complaint of forced conversions filed with the police, according to Gujarat's home secretary, V.V. Rama Subba Rao, who sent his own children to Catholic schools.

The principals and teachers in Gujarat's Catholic schools say they do not seek to convert children. They call the recent attacks on Christians a cynical ploy to stir the passions of Hindu voters against a small minority.

Christians make up less than half of 1 percent of Gujarat's population of 40 million and 2.3 percent of the nation's 960 million people, but they have influence beyond their numbers because of their role in educating the nation's mostly upper-caste Hindu elite — and increasingly its most disadvantaged, low-caste and tribal children as well.

There are 4.8 million students attending 15,000 Catholic schools in India, in addition to the 5,000 to 6,000 in Protestant schools. The Communist leader in West Bengal, Jyoti Basu, and the country's home minister, L.K. Advani, a Hindu nationalist firebrand, have one thing in common: They were educated in Christian schools. So was a daughter of the Sonia Gandhi, president of the Congress (I) Party.

Dicky Chan/Agence France-Presse

NURTURING A MEMORY — A boy watering flowers at the Deng Xiaoping Memorial in the southern Chinese city of Shenzhen. Friday marked the second anniversary of the death of the paramount leader.

In Genocide Court, a Geography Bout

New York Times Service

ARUSHA, Tanzania — The only man ever convicted of genocide, a portly former Rwandan mayor, Jean Paul Akayesu, refused his prison meals for nine days last fall to protest an obscure ruling no one here seemed to be aware of: The Rwanda genocide tribunal has too many Canadian defense lawyers.

Mr. Akayesu, seeking to avoid his unflattering place in history, wanted to appeal the genocide verdict handed down against him last fall by hiring John Philipot, a criminal lawyer from Montreal who, like him, speaks French.

But his request was swiftly quashed by administrators at the UN tribunal here that is trying suspects in the 1994 killing of over half a million Rwandans.

"If all the detainees decided to choose lawyers from one nationality," Kingsley Moghalu, a spokesman for the court, said, "we would pack this tribunal with members of one nationality."

Nine Canadians are enough on a team of 38 defense lawyers, the top court administrator, Agwu Okali, decided. In addition to banning any more Canadians from the court, including Mr. Philipot, he limited the number of lawyers from France to nine.

Four months later, Mr. Akayesu still does not have the lawyer of his choice.

The ban has baffled some legal scholars, who contend that the policy was not only arbitrary but could jeopardize the credibility of the UN tribunal.

"The idea of a formal geographical representation is absurd," said Peter Rosenblum, a specialist on international law at Harvard University. He said he suspected the reason for the policy might be an effort to hire more African lawyers. While that goal is laudable, he said, the right to chose a lawyer should outweigh the tribunal's internal politics.

"If you really want to get good African lawyers in there, it can be done without using the sledgehammer," he said. "If you can't do that, simply banning other lawyers is particularly egregious."

Canadian lawyers already defending suspects in the tribunal have strongly protested the ban.

"Defense lawyers do not have rights, but persons accused and presumed innocent most certainly do," they wrote to the court administrator during Mr. Akayesu's hunger strike.

The lawyers pointed out that geography played no role in the selection of defense lawyers at The Hague, where the Rwanda court's sister tribunal deals with war crimes in the former Yugoslavia.

Although Mr. Akayesu's protest raised awareness about a policy that most court staff never knew existed, the strike did not bring him any closer to getting the lawyer of his choice.

"He hasn't yet got his lawyer," said Wilfred Mirambo, a Tanzanian lawyer named by the court to represent Mr. Akayesu. Mr. Mirambo understands why Mr. Akayesu insists on waiting for another lawyer.

"He likes French-speaking lawyers, you see," said Mr. Mirambo, who does not speak French. "And somebody should be given his choice."

Unrest in Kashmir Region Kills 15 People One Day Before India-Pakistan Summit

Compiled by Our Staff From Dispatches

SRINAGAR, India — Fifteen people were killed Friday in fighting between Indian security forces and separatists in Kashmir, police said.

The clashes came a day before Prime Minister Atal Bihari Vajpayee of India and his Pakistani counterpart, Nawaz Sharif, begin two days of meetings that will address their countries' competing claims to the Himalayan territory divided between them.

The insurgents in Kashmir, Hindu India's only Muslim-majority state, predominately want independence or union with Pakistan, which is officially Islamic.

The largest alliance of Muslim separatist and political groups in Kashmir has called for a general shutdown across the disputed territory Saturday to protest against the summit talks, which will be the first meeting between leaders of the two rival nations on Pakistani soil in 10 years.

More than 17,000 people have been killed since the rebellion began in Kashmir in 1989.

India on Thursday said Mr. Vajpayee would convey New Delhi's concerns over Kashmir in a "candid and forthright manner" to Mr. Sharif.

All previous talks over Kashmir, the cause of two of the three wars between India and Pakistan since 1947, have been fruitless. *(AP, AFP)*

BRIEFLY

Kim Wants to Prod North Korean Shift

SEOUL — President Kim Dae Jung of South Korea said Friday that the United States and other Western countries should offer "incentives" to encourage North Korea to make Chinese-style reforms and stop producing weapons of mass destruction.

"We must tell North Korea that we'll give them incentives if they cooperate," Mr. Kim said in a meeting with South Korean legislators who met last week with U.S. congressmen in Washington to discuss security on the Korean Peninsula and other issues.

"If North Korea makes reforms and opens its society with Western incentives, it will become a country like China and Vietnam," Mr. Kim told the parliamentary delegates. *(AP)*

Sharif Acquiesces To Court's Ruling

ISLAMABAD — Prime Minister Nawaz Sharif of Pakistan said on Friday that he accepted a Supreme Court ruling that disbanded the military tribunals he had set up to combat violence in Karachi, but he vowed the decision would not stop his war against terrorism.

"The constitution directs us to respect the Supreme Court," Mr. Sharif said in a speech broadcast over state television and radio. It was his first comment on the unanimous ruling by a nine-judge panel on challenges brought by opposition parties.

"But terrorists must take this idea out of their minds that they will be able to regain their foothold," Mr. Sharif added. *(Reuters)*

East Timor Urged To Surrender Guns

JAKARTA — The chief of Indonesia's armed forces, General Wirnato, on Friday urged all East Timorese to surrender their guns to stave off the possibility of widespread violence and chaos in the desperately poor territory.

"In my opinion, the best way is to surrender all the weapons," General Wirnato told reporters after meeting a group of pro-Jakarta Timorese.

The military has been accused of arming pro-Jakarta Timorese, raising the prospect of a bloodbath in the fractious territory after the government changed policy last month and offered East Timor independence. *(Reuters)*

Afghanistan Seeks Aid on Epidemic

MOSCOW — Afghanistan has asked the World Health Organization for help in dealing with a mysterious epidemic that has struck hundreds of people and killed dozens near the Tajik border, an official said Friday.

Plague was believed to have caused the epidemic, which has spread over the past week through several impoverished villages in the Badakhshan mountains of Afghanistan.

But the Interfax news agency said that medical experts thought the disease might be cholera.

The lack of medical personnel and diagnostic equipment has complicated efforts to identify the disease, said Ibrahim Khikmat, an Afghan Embassy spokesman in Tajikistan, according to Interfax. He said dozens of people were dying every day from the disease. *(Reuters)*

CRUISE: *Highly Profitable Companies Pay Very Little in Taxes*

Continued from Page 1

major advantage of the foreign-registered cruise ships: While they earn their profits from the United States, they avoid nearly all taxes by registering as foreign corporations and sailing under foreign flags. They also build their ships overseas.

"These companies don't pay any of the taxes or live with any of the associated costs of operating a safe vessel and paying a decent wage," said Representative Gene Taylor, a Mississippi Democrat whose district includes shipbuilding companies, "and it is absurd to allow them access to the American market free of charge."

This month, two Democrats in the House initiated an investigation by a House committee into illegal dumping of oily waste and other pollutants by cruise ships, to determine whether the United States should strengthen its regulation of the industry.

Industry representatives respond that cruise lines adhere to strict international environmental and safety standards that are enforced by the International Maritime Organization, a regulatory agency affiliated with the United Nations. And they say immunity from U.S. taxes is a long-recognized element of international law on ocean-going trade.

Cruise lines pay more than $66 million a year in fees to American ports, as well as other taxes and fees, according to the industry. And a new study done for the industry found that cruise lines bought $6.6 billion worth of U.S. goods and services in 1997, generating 176,433 jobs.

"We generate billions of dollars every year here in the U.S. economy and the United States is a major beneficiary of our industry," said Cynthia A. Colenda, president of the International Council of Cruise Lines, which represents the 17 major cruise lines.

While these cruise lines have prospered, however, the U.S. maritime industry has fallen on hard times. Efforts are under way to develop an American-flag cruise industry, but American shipping companies that must pay U.S. taxes and wages face serious disadvantages.

If Carnival were paying taxes at the 35 percent rate, it would have paid about $700 million in taxes to the United States over the last three years on $2 billion in net income.

Instead, Carnival is registered in Panama, which does not impose a business income tax, and the company paid a total of only $15 million in income taxes — on the earnings of one division, which has hotels and tour operations in the United States and so is not exempt from taxes.

The tax break is in a section of the Internal Revenue Code that exempts foreign corporations' income from ships and aircraft from taxation, if the country in which the corporation is organized offers the equivalent exemption to U.S. corporations. The rules were set up to promote international shipping and air trade.

Cruise companies have been able to take advantage of the provision by registering in small countries like Liberia, Panama and the Bahamas, which do not impose a corporate income tax.

Foreign-registered cruise lines also pay workers far less than their U.S. counterparts. Their crew members, who are mainly from developing countries, routinely work for as little as $400 a month, according to a survey last year by Seafarers' House, a nonprofit agency that ministers to workers at Florida ports.

Japanese Publisher Postpones 'Nanking'

The Associated Press

TOKYO — The release of the Japanese translation of the U.S. best-seller "The Rape of Nanking" has been postponed because of controversy over its depiction of Japan's wartime brutality in China, the Japanese publisher said Friday.

"The Rape of Nanking," by Iris Chang, is an account of what historians have widely characterized as the slaying and rape of thousands of civilians by Japanese soldiers in the city now called Nanjing.

The release of the Japanese version of the book was indefinitely postponed after Miss Chang rejected Kashiwa Shobo Publishing Co.'s revision of a portion of the book, an editorial staffer at the company confirmed.

Some nationalists in Japan have accused the author of exaggerating Japanese actions during Tokyo's invasion and occupation of much of China in the 1930s and 1940s. The book has also faced criticism in academic journals and from government officials.

The book was originally scheduled to be published in Japan by the end of February, the Kashiwa Shobo staffer said. The publisher and Miss Chang were continuing talks, and the company plans a news conference next week to announce the postponement, he said.

BOOKS

BIG GOVERNMENT

By Ev Ehrlich. 278 pages. $25. Warner.

Reviewed by
Jonathan Yardley

THIS first novel, described by its publisher as "a burlesque of American politics," is an agreeable surprise. One would hardly expect Ev Ehrlich, whose entire career has been spent in politics, government and business — including four years as undersecretary of commerce in the Clinton administration — to be a novelist at all, much less a moderately polished one, but this in fact is what he turns out to be. "Big Government" is not (again to quote its publisher) "the funniest literary debut since Christopher Buckley's," but on its own terms it is fine.

Its strengths lie in its author's knowledge of, and deep cynicism about, the workings of political Washington. His plot is tangled to excess, and his characters rarely struggle out of their cardboard containers, but he has a keen eye for the hypocrisy, opportunism and utter lack of conviction that drive the engines of the city's major industry. Beyond that, having done more than his share of time in the bureaucracy, he has an equally sharp nose for the bizarre contortions of law and regulation, and he can be quite amusing in spoofing them.

Of the many people who wander through these pages, two are central. Ezra T. Wheezle, representing the 4th Congressional District of Pennsylvania, "a small man with sparse gray hair waxed over a balding dome, well past sixty but animated by a certain nervous energy," is "the second most senior Democratic congressman on the Committee on National Economic Affairs" and, naturally, wants "to be the most senior." His pursuit of this ambition provides the thread upon which one of the novel's two plot lines is strung.

The other involves Dickie Vanderhaltz, a graduate student in geophysics at the South Florida Institute of Technology whose long string of academic failures leads him, in time, to the offices of Senator Luther A. Moss, Republican of Florida, a smooth operator formerly in real-estate law who has learned that serving in the Senate "relied on the same abilities: drinking while remaining conversant, getting along with people disliked by one's wife, getting mad only when its histrionic value was high, and keeping a stiff left arm through your approach to the tee."

These men, and other men (and women) as well, soon are involved in the progress of two major pieces of legislation. One, "the equipment-that-doesn't-work tax credit," is a humdoggle for companies engaged in research and development. The other, "the Universal Daylight Saving Time Act," is sponsored behind the scenes by the electric utilities, which figure that year-round daylight saving, plus an added hour in the summer months, "would increase the demand for electricity and stop utilities from going broke."

This is the foundation on which Ehrlich constructs his tale. In short order it involves more people than a Million Man March. Among them are Representative Senior Younger, the 114-year-old committee chairman whom Wheezle wants to replace; Cody Clark, a televangelist who preaches that "God is our Father and our Banker, and He wants us to be saved and He wants us to be solvent"; Miriam Moskowitz, an ambitious and fetching member of Senator Moss's staff; Laslo Schange, publisher of Modern Weapons magazine and proponent of "principled naturalism" ("as opposed to literal naturalism"), and Lenny Keeler, legislative assistant to Wheezle and the only likable person in the whole menagerie.

All operate in an environment of surpassing cynicism, as epitomized by Miriam Moskowitz: "She came to Washington with her own beliefs, of which she was quickly cured. After a year with the committee she had remade herself. She gave up searching her soul for what was right and substituted searching the public for trends. In fact, so had most of the people she knew, in one way or another. The only difference she could see was that the sane ones were aware of what they were doing, and set their beliefs aside in the hope that they would one day be reunited with them."

Or, as Lenny Keeler discovers in the presence of a candidate for the presidency, "there was no belief, no conviction, no heartfelt truth that could not be turned into a message for public consumption, a group-tested banner, a headline, a slogan."

This is accurate, heaven knows, but despairing as well, which seems to explain the antidote that Ehrlich offers at the end: a denouement more sentimental than plausible. Most readers are likely to agree that satire is the novel's real meat and that Ehrlich is almost always good at it.

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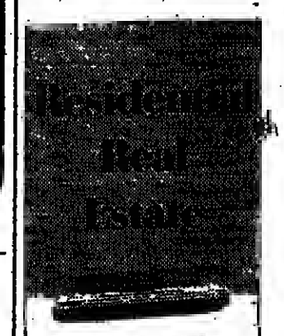

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ART

Dr. Gachet, Friend to the Painters

By Souren Melikian
International Herald Tribune

PARIS — Uncritically selected, badly hung and miserably lighted, "Le Docteur Gachet," on view at the Grand Palais until April 26, is not quite the grand show that the catalogue subtitle, "Un ami de Cezanne et Van Gogh," would lead one to expect.

But it is a great story, even if it has to be read between the lines of a turgid catalogue. Above all, it yields a rare insight into the history of early Impressionism as seen through the eyes of a collector who saw it come about, thrive and change radically — Paul Gachet.

There were two sides to the personality of this remarkable physician. There was Dr. Gachet, the bourgeois born in the northern French city of Lille in 1828 into a well-to-do manufacturing family, who did well at school, performed excellently as a medical student, and got all the right introductions that ensured a brilliant professional career.

And there was Gachet, the fearless, unconventional, passionate man. He was a mere 12 years old when he jumped from the top of the Lille rampart into a moat, damaging his ankle for the rest of his life. A year later the teenager rushed into a blazing building to rescue trapped horses, leading the last one out as the burning roof crashed behind him. Nor was this mere boyish recklessness. Gachet was 26 when a cholera epidemic broke out, and he volunteered to treat those hit by the disease. Two physicians died on that mission. Gachet was smitten too but survived.

He was still in his teens when art attracted him. A friend, Ambroise Detrez, later professor at the Valenciennes Academy of Art, taught him to draw in watercolor. Through Detrez, Gachet might have succumbed to kitsch painting. Instead, he went the other way. As his medical studies drew to an end, Gachet began to meet artists who did not belong to academically approved schools. He became friends with Paul Guigou, a Provençal painter.

In 1858, the year he obtained the prestigious degree of *docteur en medecine*, Gachet paid a visit to Charles Meryon, the masterly engraver. Another visit to a famous artist's studio, that of Gustave Courbet, whom he saw in 1861, gave him the first taste of the modern art that was brewing in France.

The true turning point was probably the 1863 Salon des Refuses, the Salon of the Rejected Painters. Edouard Manet, in particular, made a profound impression on the 35-year old physician. The painter's cool, clinical appraisal of the French bourgeois touched a chord with the doctor, who saw them daily as they were. In 1868, Gachet, age 40, married a woman for whom he conceived a burning passion, Blanche Elisabeth Castets.

War was in sight. It broke out in 1870, pitching France against Bismarck's Prussia. True to type, Gachet left his house at Villemomble near Paris only in May 1870, as enemy shells were falling on every side. Instead of running away, he went to Paris. There he spent the grueling months of the Prussian siege, the revolutionary upheaval of the Commune and the bloody, blind repression that followed under Thiers, with its 20,000 executions.

He worked as a front-line doctor with the National Guard and, later, as a forensic doctor with the municipal authorities. When it was all over, his medical services during the Paris siege were formally acknowledged.

Gachet went back to his practice and to art. On April 9, 1872, he bought at Auvers, near Paris, a house that would become famous in art history as "la maison d'Auvers." Armand Guillaumin, a major figure in the early phase of Impressionism, was his first guest. And soon after Gachet bought pictures from him, from Cezanne, and other paintings from dealers. This is where the show, so far lethally academic in its first two rooms lined with daubs in the name of historical interest, suddenly becomes scintillating.

As his eye travels from Guillaumin's "Chemin creux (effet de neige)," dated October 1869, to "Peniches sur la Seine a Bercy" (1871), to "Soleil Couchant à Ivry" of 1872 or to Cezanne's "La Maison d'Auvers," dated 1873, the viewer finds himself wondering whether what is traditionally held to be the epitome of Impressionism — the hazy landscapes and scenes in which outline melts into light effects — was not a prolonged parenthesis rather than the transition to modern art.

"Soleil Couchant à Ivry" with its strong brownish-orange streaks over the horizon, its small harsh black roofs in the distance and its simplification of detail ties in with the later Van Gogh. The schematic handling of "Peniches sur la Seine" with its expressiveness of form and color — blackish brown, pearl gray and ocher — offers a premonition of the 20th century. So does the "Chemin creux" with its rhythmical patches of milk-white and pearly-gray snow, or the startling effect of brown black (the leafless tree) against the bluish white of the sky. Cezanne's landscape and one of his still lifes have vibrant strokes that seem to herald the later Van Gogh.

One can see how a collector who loved these would eventually respond to Van Gogh. Equally telling is Gachet's choice of a marvelous Pissarro view of "Chestnut Trees at Louveciennes" done in the winter 1871-72. Again, this anticipates much of the expressiveness of trees in Van Gogh's oeuvre with its gnarled branches in blackish brown hemmed by white snow. Van Gogh, indeed, loved it when he saw it many years later in Gachet's house.

Armand Guillaumin's 1872 oil "Soleil Couchant à Ivry."

THE DOCTOR also sought a different kind of picture. Pissarro's superbly composed "Route de Louveciennes" dated 1872 has a subtle perspective and nuances in its light effects that owe much to the century-old tradition of European landscape painting.

The same is true of Alfred Sisley's "Vue du Canal Saint-Martin." Done in 1870, it has a shimmery water surface curiously similar to Pissarro's country road under snow. But it is the kinship in the atmosphere that is most telling. All these landscapes where humans are scarce and black leafless trees rise in pale wintry light speak of cold solitude.

Typically for Gachet, the only Renoir in the show is somber, painted in the same tones — black, white, some brown. It is an oil sketch of a young woman, a model, on whom the doctor called at Renoir's request. She was fatally ill and died shortly after.

Did the dark mood of Gachet's masterpieces echo his own? His beloved wife, who had been declining, became severely ill in 1874 and died a year later. Gachet never got over his grief. When Van Gogh came to see him at Auvers on May 20, 1890, with a letter of introduction from his brother, Theo, the painter was struck by his distraught appearance. "This man is at least as severely sick as I am myself," he wrote to Theo.

The two men locked up in their solitary despair, took to each other in a manner of speaking. Van Gogh, who settled in Auvers, let Gachet have a replication of his famous self-portrait. He painted the "Eglise d'Auvers" in which the church sways and swings against the deep blue sky and Gachet bought that.

For Van Gogh, it was too late. On July 27 he shot himself. Gachet made an oil sketch of the artist on his death bed. It was one of his best, a purely Expressionist work, as if the sight of his new friend lying dead had given him the intuition of the gloomy modern art that emerged a decade later.

NEW YORK FASHION

A New Spin On Americana

Big Country in the Big Apple

By Suzy Menkes
International Herald Tribune

NEW YORK — They are the fashion equivalent of apple pie: cowboy clothes from the Wild West or the Big Country's folksy looks. The shows that are defining the New York fall season are about reinforcing an American identity, but with the familiar iconography given an ironic spin.

Paradoxically, the blandest statement came from Ralph Lauren — the designer who has made jeans and cowboy boots his personal trademark and put Western culture on the high-fashion map, yet this season just produced spare clothes in bright felted fabrics.

Michael Kors, in a strong collection, invaded Lauren's territory, showing dashing serapes, densely beaded belts and sleek separates in suede and leather. He called his luxurious take on cool cowboys "Sundance chic."

The secret of giving Americana new fashion life is to take nothing too literally. Kors made the core of his collection the simple sportswear he does so well. He added subtle plays on the western theme: blanket stitching on suede pants, chevron needlepoint patterns on a belt, a pony-skin skirt and leather-bound ponytails for the models.

Christopher Moore/Andrew Thomas

Ralph Lauren's stand-away herringbone cashmere.

Sometimes there was a suggestion of desert colors in a golden sable sweater or in brown tones streaked with sunset orange, or a coyote was used as a funky fur vest. Occasionally the theme got heavy-handed as in riding skirts buttoned at the back.

But Kors mostly showed a sureness of touch and a sense of humor. Maybe his newfound confidence comes from the one-third stake taken this week in his American company by Moet Hennessy Louis Vuitton, for whom he designs for Celine in Paris. Helene Arnault, wife of LVMH president, Bernard Arnault, sat in the front row to endorse the Franco-American New Deal.

Lauren's collection was deeply felt. But that is not to say that there was the fashion warmth and emotion expected from the designer — rather an overdose of felted fabrics sculpted into stiff double-faced coats and jackets. They were dead plain, with barely a clasp or a fastening to break the precise lines.

But there sure was color. It was as though Lauren had surveyed his collection of classic sports cars and spray painted his outfits from head to toe. And in unforgiving colors: cyclamen, tangerine, chrome yellow, racing green. Occasionally the monochrome look worked, as in a soft blue skirt and jerkin over a matching close-fitting turtleneck. Mostly, it looked contrived — and the contrary to the relaxed ease of current style.

Anna Sui refreshes each season her wellspring of inspiration from the hippie era. A grainy film featuring a young Bob Dylan, Peter, Paul and Mary and a rapt and innocent public at a 1960s folk concert was the backdrop to a parade of folksy clothes, worn by earnest young models carrying music cases.

Sui's smart take was to show these eclectic dawn-of-the-hippie-era clothes in complex mixes of texture and pattern, mainly in black and white. Used on simple silhouettes, they displayed the designer's depth of fabric research in a clean, fresh way. Once color arrived, the clothes had that more familiar (yawn!) retro, flea market look.

Designer Kevan Hall turned to modern architecture to redefine the minimalist look of his Halston collection. The best of the evening wear show caught, in lozenge-beaded surfaces or in fabrics with a rich patina, the sense of skyscrapers refracting sunlight. But it all seemed too literal when cutouts opened air vents on the body, seams were marked like joists and straps suggested hoists, turning the body into a construction site.

Homage to an American Sculptor

By Michael Gibson
International Herald Tribune

TOULOUSE, France — The sculptor Augustus Saint-Gaudens (1848-1907), sometimes described as the "Michelangelo of American Art," may not be as famous today as he was in the early years of this century, but his abundant work set the cannons of American public art in his period.

He dotted the country with statues that are now landmarks and icons of American history: the gilded equestrian statue of General William Tecumseh Sherman on the Grand Army Plaza, just off Fifth Avenue in New York; the Lincoln monument in Chicago, and the Shaw Memorial in Boston, among others. He also designed the $10 and $20 gold coins minted in 1907.

An exhibition of some 120 of his works, now on view at the Musee des Augustins in Toulouse to May 30, is an authentic slice of American artistic life at a time when academic craft was highly valued and when Saint-Gaudens and his peers were also called upon to decorate the homes of the likes of Cornelius Vanderbilt.

The venue of the exhibition was determined by the artist's French descent: His father was a shoemaker from the vicinity of Toulouse who moved to Ireland, married an Irishwoman and emigrated to the United States, where he prospered and ultimately came to count among his clientele a number of wealthy members of New York society — including two state governors (Edwin Morgan and John Dix) and the Astor family — an obvious asset that his artist son later used to advantage.

The young Augustus displayed a clear, precocious talent as a sculptor. Apprenticed to the New York cameo engraver Louis Avet at the age of 13, he turned out a remarkable pair of cameo portraits that can be seen in Toulouse. At 18, he entered the National Academy of Design and by the age of 20 he was in Paris, studying sculpture under the guidance of Francois Jouffroy at the Beaux-Arts.

His style is undeniably academic, but his talent as a portraitist is equally undeniable, as can be seen in his busts of Sherman and other American public figures. Saint-Gaudens was obviously a stickler for realism. When he received the commission for the Lincoln monument in Chicago, he solicited an artist friend who owned a plaster cast of the late president's hands and face, but he also got in touch with Lincoln's tailor and managed to get a suit that had belonged to his subject. He then found a model whom they could fit and had the man pose for him.

The statue stands today in Lincoln Park, left hand on lapel, head bowed, in an attitude the president characteristically took when he was about to speak in public.

But Saint-Gaudens was not only a realist in this somewhat compulsive sense, he also acquired a taste for the allegorical in his formative years, as can be seen in the figure of Victory that strides before General Sherman's golden horse in New York. His dramatic flair is apparent in another public monument, in Springfield, Massachusetts, that shows the rather ominous puritan figure of Deacon Chapin with a tall hat, buckled shoes and flowing cape, a large cudgel-like cane in one hand and a massive Bible in the other.

A reduction of this work is displayed in Toulouse. Much of Saint-Gaudens's work consists in monumental public art, and it is well exemplified in this show, but he was not content to produce the bronze figure. He also effectively designed the surroundings in which it was to be displayed to make sure that it was seen to its advantage.

But the more affecting part of his work belongs to a genre he practiced in a highly personal way: the low-relief portrait. About 40 of these are on view. They are mostly devoted to family and friends, including his wife, Augusta Fisher Homer, whom he met in Rome where she was studying painting. He started her portrait relief only two years before his death and ill health prevented him from completing it.

A medallion of a small boy (Novy) is the portrait of a son he had in 1889 by one of his models, a Swedish beauty who posed for both "Diana" and "Amor Caritas." When Augusta learned of the relationship, her most stinging rebuke to the flighty Augustus was to call him a "Frenchman" before suing for legal separation. Nearly 20 years later, however, she was still with him, caring for him at the time of his death.

An "Amor Caritas" created by Saint-Gaudens in 1886.

Another interesting portrait (1879) is that of Maria Love, whose house in Buffalo, New York, had been a waystation on the underground railway helping fugitive slaves make their way to Canada.

Perhaps the finest of these is the portrait of Robert Louis Stevenson, shown full length, reclining in bed and holding not a pen, but a cigarette. The writer and the sculptor had become good friends in the 1880s when Stevenson, suffering from tuberculosis, was planning to go to the South Seas to find relief.

All these portraits, including those of children and married couples (the wonderful double portrait of Mildred and William Dean Howells) have something singularly poignant about them, clearly because of the somber medium that suggests that the works are funereal monuments in which the artist has captured in bronze the delicate, fleeting quality of life.

The exhibition goes on to the Musee National de la Cooperation Franco-Americaine at the Chateau de Blerancourt from June 26 to Oct. 18.

EDITORIALS/OPINION

Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Don't Protect Gadhafi

There is movement in the diplomatic effort to bring two Libyan intelligence operatives to trial for bombing Pan Am Flight 103 out of the sky — at the loss of 270 lives, including 189 Americans — over Lockerbie, Scotland, in 1988. The two would be tried in the Netherlands under Scottish law and, if convicted, would serve their sentences in Scotland. One, if not the principal, dispute now holding things up is said to arise from Moammar Gadhafi's insistence that the trial be limited to the acts of the suspects and not be allowed to move into any official Libyan involvement.

Not everyone is convinced that Libya is the likeliest author of this crime. Iran has also been named. Nor is it clear, at least to the broad public, exactly what sort of evidence is available. Colonel Gadhafi nonetheless in recent months has seemed ready to bargain out the terms of a trial. He may doubt the evidence is there for conviction. Or he may be in a position to order his agents to accept whatever verdict may eventually be handed down.

In any event, the international context in which the United Nations and interested governments are mulling a trial is subtly changing. The atmosphere is no longer dominated by demands for justice and punishment from the United States and Britain and the victims' families. The passage of a decade has moved the issue partway into a nonjudicial realm where considerations of commerce and political wheeler-dealing are at play. European countries are looking to remove the economic sanctions now in effect against Libya. President Nelson Mandela of South Africa feels he owes Colonel Gadhafi a political debt for his support in the struggle against apartheid.

The central purpose remains to establish responsibility for an atrocious crime. It would be good for a court to take custody of the two suspects and to give them a fair public trial.

But if the two are simply the scapegoats Colonel Gadhafi is offering up to buy relief from sanctions, then the United States cannot lend itself to an effort to shield him from inquiry into any responsibility he may have as the author of the murder of 270 innocent people. Why, if he is responsible, should he not be tried?

—THE WASHINGTON POST.

Rebuilding After Mitch

The television cameras have moved on, and the first wave of disaster-inspired donations has crested. But Central America is only beginning to dig out from the hurricane designated Mitch, which the White House on Tuesday described as "the worst natural disaster ever to strike the Western Hemisphere." So President Bill Clinton's proposed $1 billion relief package is timely, and early indications of congressional cooperation are encouraging. U.S. national interest calls for helping Nicaragua, Honduras and their neighbors.

Even before Mitch struck last autumn, roughly half of all Nicaraguans and Hondurans lived on a dollar a day or less. Now it may take years for them to recover even to that level of poverty. Mitch caused more than 9,000 deaths and devastated the farms on which many Central Americans depend, the roads on which they transported their harvests and the homes and schools and hospitals that sustained them.

Mr. Clinton's $956 million proposal will not solve Central America's problems. It would represent only about 17 percent of worldwide assistance pledged so far. It includes a fair amount of repayment to the Defense Department for help already rendered. But even with those caveats, this is a substantial proposal that will offer real help. It moves from short-term disaster relief to long-term reconstruction. It focuses on rebuilding schools. It targets small farmers and businesses with micro-loans, seeds, tools and technical assistance. It emphasizes environmental management, so that the next storm will not be so destructive.

A package of this size will call for continual monitoring, given the dangers of corruption. Care will have to be taken, especially in countries as politically polarized as Central American nations remain, that aid is fairly distributed and local civic institutions are involved. Washington should offer more debt relief, and it could provide much more assistance through its trade and immigration laws. But it makes sense to separate such potentially contentious issues from this package to win quick approval.

Much of Central America has spent this decade building democratic institutions and otherwise recovering from ghastly civil wars. Mitch has set back the process but not derailed it. The world offers enough examples of how costly the failure of democratization and the implosion of states can be. Aid now is a wise investment as well as a humane one.

—THE WASHINGTON POST.

Ecuador's Right to Sue

In 1964, Ecuador invited TexPet, a subsidiary of Texaco, to drill for oil in the Amazon rain forest of the country's east. Texaco and Ecuador's government, its partner, made Ecuador into a major oil exporter — but at a price. Now a group of indigenous people who live in the rain forest are suing Texaco over environmental damage, which they say has contaminated their water, killed their food supply and caused disease.

The question before U.S. District Judge Jed Rakoff is whether he should heed the plaintiffs and hear the case in Manhattan — Texaco is based in nearby White Plains — or send it to Ecuador, as Texaco prefers. Judge Rakoff dismissed the suit once, but it was reinstated by an appeals court. Now he should allow the case to be heard in the only forum that can provide a fair trial and enforce penalties, an American court.

The plaintiffs contend that the practices used in disposing of waste oil and oil-contaminated water caused skin and respiratory infections and other diseases. While there has been no major scientific study of health conditions, researchers from the Harvard School of Public Health, whose work was financed in part by the plaintiffs, found that the local water contains dangerous levels of carcinogens.

Environmental damage is visible — the soil is covered with a salty crust and dotted with viscous black pools, which sometimes overflow or burn and fill the air with black particles. Residents say the aquatic animals they used to eat have died and that child malnutrition is widespread. Texaco questions the validity of the studies and maintains that some of the destruction may be due to the influx of people to the zone as it developed economically.

One of the issues before Judge Rakoff is whether the decision on waste disposal was made by officials of the drilling partnership in Ecuador, as Texaco contends, or by Texaco officials in the United States. This will be settled during the trial, but the plaintiffs argue that Texaco closely managed even small decisions in its Ecuador operations. A $40 million payment that Texaco made to Ecuador's government in 1995 for cleanup has not eliminated the problems and does not absolve the company of further responsibility to assist the local population.

Ecuador's courts cannot handle the case or enforce a judgment.

Ecuador does not admit class-action suits, has no experience with cases like this one and relegates all environmental disputes to an administrative tribunal, where the largest fine has been a few thousand dollars. This case belongs in an American court, where the contesting claims can be fairly weighed.

—THE NEW YORK TIMES.

Other Comment

An International Problem

The Kurdish problem has now, de facto, been internationalized. Taking matters further, the European Union, with American backing, could offer a forum for Turks and Kurds to seek a compromise involving Kurdish self-rule in southeastern Turkey, if that is what the Kurds want.

For the moment, the Turks will reject such an idea. But the Kurds will not go away. If they are not to have a state, they deserve at least a modicum of self-government and justice.

—The Economist (London).

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Kosovo Is Only Part of the Problem in the Balkans

By Crown Prince Alexander of Yugoslavia

LONDON — Almost regardless of what may be decided this weekend at the peace conference on Kosovo, there will be no lasting peace or democracy in southeastern Europe until the NATO allies have a fundamental policy for the entire region. Bombing, which the allies are threatening, may actually reinforce each side's positions in the Kosovo conflict. Moreover, establishing peace and democracy in only one area such as Kosovo — as Western countries are currently planning — will only be of very limited value.

The Balkans have never been amenable to easy solutions imposed from outside. Even at the height of the Cold War, the Soviet Union gradually lost control over Yugoslavia, Albania and Romania, while the West barely contained the perennial Greek-Turkish disputes, despite the fact that both countries were NATO members and therefore, at least formally, allies.

Compared to the Cold War period, the current condition of the Balkans is quite favorable. Although the Yugoslav war has played havoc with the economies of the area and the Balkans' aspiration to project an image of stability, the region is now at the top of the European agenda. Not only has NATO mounted in Yugoslavia the biggest military operation in its existence, but also many international organizations are now deeply engaged in the area. The European Union is financing infrastructure projects designed to connect Romania and Bulgaria to main transport routes, Turkey is paraded as one of Europe's key strategic allies and the United States is mediating in the Greek-Turkish dispute over Cyprus and the islands of the Aegean Sea.

More significantly, the promise of full integration into both NATO and the EU has been extended to the region's states in return for their good behavior.

At the beginning of this century, the great powers regarded the Balkans as partly a geographic region and partly a disease for which effective quarantine measures were the only adequate cure.

The Balkans may yet end the century in the same situation. The story is not one of mischief or cynicism (although there was plenty of both) but of a lack of vision, which could lead to missed historic opportunities and continued misery for the region's people.

The Dayton peace accords that put a halt to the Bosnian war in November 1995 were based on a set of dubious assumptions. The first was the belief that, in order to reunite the Bosnian state, one must start by separating the various fighting armies. Coupled with that was the belief that "the people" are "good" and desire peace and that only their leaders could be "nasty."

Once the people were allowed the opportunity to vote freely, the thinking goes, the warlords would be removed from power and all Bosnians would live together again. The Dayton accords provided for elections. In addition, there was the assumption that there was no crisis that a well-written constitution could not solve.

Dayton included a fine constitutional specimen, complete with rotating presidencies, constitutional courts and arbitral tribunals. But, finally, there was the belief that talking tough to the "natives" and threatening unspecified retribution without actually having to commit to any action should be sufficient to bring about peace.

At every step, the troops that were dispatched to Bosnia carefully eschewed any military involvement while the Western governments increased their rhetoric.

The violence in Bosnia has stopped, and we should all be grateful for that. Nevertheless, Bosnia remains divided, and cut away from its natural economic partners in the region. But, in many respects, Bosnia is yesterday's story, for the West's real challenge is now with the entire region.

Yugoslavia represents the classic example of what can go wrong in the transition from a communist society. The war, for which President Slobodan Milosevic bears heavy responsibility, perpetuated a disguised communist rule and postponed decisions about the nature of the state. Mr. Milosevic fought the war in the name of Serbian unity and ethnic purity. Yet Serbs are still divided and Serbia still contains the highest number of ethnic minorities among all the republics of the former Yugoslavia. Having been the most integrated Eastern European state before 1989, Yugoslavia is now a pariah in Europe.

To complete this cycle of tragedies, the Yugoslavia that Mr. Milosevic invented after 1991 remains a rickety affair. Montenegro, Serbia's partner in the federation, looks increasingly unreliable. Moreover, the institutions of the state are an even greater farce than they were during Tito's dictatorship.

For a number of years after the demise of old Yugoslavia, the Yugoslav federal presidency, which was meant to represent both Montenegro and Serbia, remained a mere cipher designed to obscure Mr. Milosevic's political control. Serbia and — to a lesser extent — Montenegro have therefore ended with the worst possible outcome: They are the only former Yugoslav republics not to have a new identity.

Mr. Milosevic has failed in his nationalist dreams, but succeeded in destroying his country's civic society. Ten years ago, the people of Yugoslavia were in the forefront of all communist states. Today, Yugoslavia is at the bottom of the pile, with no salvation in sight. In addition, there is more to come, for the crucial issue of Kosovo has yet to be addressed.

Up until now, the United States and the European Union have solely relied on negotiations, exclusively with the existing regimes, often in the hope of achieving brief periods of illusory peace. The leaders of the region, in turn, have portrayed themselves as saviors.

The tactic has clearly not worked. Far from being upholders of any solution, the autocratic leaders in some of the countries that call themselves Yugoslavia's "successors" are actually part of the problem.

But a serious Western plan of stabilizing the region is still feasible. It should start with establishing democratic roots in the capitals of southeastern Europe. Belgrade, Sarajevo, Zagreb and Tirana would be the targets for the creation of fundamental democratic institutions, which would uphold human rights and freedom of the media and implement an economic revival plan.

Calculated pressure would be imposed upon the current regimes to push them out of power. The region's dictators should be attacked where they hurt most: by taking measures to recover the billions of state assets that they have managed to spirit away from their countries.

And, ultimately, the prospect of genuine European integration, as well as economic reconstruction, should be promised to those countries that mange to emerge from their current political rut. Of course, it may be argued that such an approach will take years to bear fruit and cost a great deal. But billions of dollars have already been spent in peacekeeping operations, and the proposal is to spend much more in Kosovo now. For the moment, there is neither peace nor stability. It is time to go back to the fundamentals, however long it takes.

The writer, heir to the throne of Yugoslavia, lives in London. He contributed this comment to the International Herald Tribune.

Why Not Let All the World's Terrorists Off the Hook?

By A.M. Rosenthal

NEW YORK — The Western democracies, sometimes separately, sometimes together, are working out a historic policy: Reward selected terrorist nations for their crimes.

The policy is not a conspiracy but grows out of national interests and attitudes, open or denied, as now perceived in Western capitals.

Each government either thinks reward of perpetrators is now economic wisdom for itself, or fears terrorist retaliation, or is enticed by the political benefits of making the public believe the file is closed.

The people and officials of these nations drift warmly into the last sleep — moral equivalency. Look, lots of other unpleasant countries are around, and anyway Americans are not so great. What is the difference between Americans bombing a factory in Sudan and terrorists blowing up a building in New York?

Here are just four cases in the new reward policy.

The oldest is Pan Am 103, which for 10 years has stirred in its grave in Scotland. For years, Western and Middle Eastern intelligence agencies said specialists from terrorist camps in Syria had blueprinted the destruction of the plane and its 270 victims. They said the money had come from Iran and that Libyans were brought in when German police were closing in on Syria's operators.

Then a new theory popped up — a couple of Libyans did it all by themselves. Colonel Moammar Gadhafi refused to give them up.

Now again America digs up the idea about Scottish judges trying them in the Netherlands. Colonel Gadhafi is likely to accept it, after bargaining the United States said it would never get into.

This time it is a rose of the desert for him. He gets embargoes against the sale of oil lifted as soon as the two are turned in. The wording makes it virtually impossible to restore the embargo, even if the defendants sacrifice the lives of every relative in Libya by fingering the colonel.

They are not likely to be asked. The U.S.-British proposals forbid "undermining" the Libyan government at the trial. An affirmative vote of nine out of the 15 UN Security Council members would be needed to reinstate the embargo — and the five permanent members forswear use of the veto against reinstatement.

Colonel Gadhafi gets billions in oil money. Favorite Western countries get Libyan contracts. Relatives of the Pan Am dead get to cry forever.

Iraq — that one. We know Saddam Hussein is nearing possession of weapons of mass slaughter. After the Gulf War, the UN inspection team tried to track down his weaponry, and got close. Some of America's best friends double-crossed the inspection team to death last year. That is real power. Now they fight to lift the oil embargo against Iraq.

If we an Washington keeps opposing lifting the embargo, and the new weaponry Iraq would get, others will scornfully lift it for themselves. What is the difference between U.S. unilateral action against Saddam, and European unilateral action against America? Matter of viewpoint.

China — all right, the Communists broke their promises to President Bill Clinton about improving human rights. But who said he was dumb enough to believe them? Just because he said so?

The way to stop China from stealing U.S. military know-how is to sell some to Beijing. If China is cracking down harder on religious and political rights — who made the United States the world's superchaplain?

Mexico. We know it is the funnel for about 70 percent of the heroin and cocaine entering the United States. America has sanctions passed by Congress to stop that kind of thing.

But Mexicans are touchy. If the United States uses the waiting sanctions, or speak sharply, they may get mean and hurt. Maybe parents of American kids who stick the stuff in their noses and veins might march outside the Mexican Embassy with signs saying "Touchy, Mean and Hurt" — and see who cares.

But if Mr. Clinton just says Mexico is doing the best it can, sanctions can be skipped. So lie, man, lie.

We know how to end rewarding perpetrator nations. In an investigation of its operation in Indonesia, the World Bank, headed by James Wolfensohn, said its officials ignored corruption, growing repression and a collapsing financial system during the final years of President Suharto's 33-year rule.

Remember? It is called telling the bloody truth.

The New York Times.

The Day the U.S. Forced the Japanese to Start Spending

By Thomas L. Friedman

NEW YORK (March 1, 2000) — For the second time in the past century, America today occupied Japan.

The U.S. landing force was led by the newly designated secretary of defense, Robert Rubin, and the newly designated chairman of the Joint Chiefs of Staff, General Lawrence Summers. The U.S. force immediately seized control of the Bank of Japan and the Ministry of Finance.

The invasion came 30 days after America's trade deficit ballooned to an all-time monthly high of $35 billion. In the wake of the enormous U.S. deficit, the financier George Soros triggered a 25 percent drop in the value of the dollar by selling huge amounts of dollars and buying the new European currency, the euro. As investors followed Mr. Soros out of the dollar, they also dumped their U.S. Treasury bonds, sending U.S. interest rates up to 12 percent, overnight.

"Let's face it," one hedge fund manager said, "with the Japanese refusing to spend any money, American consumers for the last two years have been the only ones in the world buying up everyone else's exports. Everyone was dumping their goods on America, and American workers were being put out of their jobs left and right. It was O.K. as long as the soaring stock market made Americans feel rich, but after Amazon.com crashed, and took down the whole stock market, Americans just couldn't go on being the world's buyers of last resort. America had to invade Japan to force them to spend their savings, and to start importing."

This explains why the first thing U.S. troops did after breaking into the Bank of Japan was to begin passing out yen on the streets of Japan's major cities. American B-52s also carpet-bombed Japan with Visa cards.

A Pentagon spokesman said the occupation, dubbed "Operation Make Them Spend," would continue until Japan had increased its imports from the rest of Asia by 50 percent.

Those Japanese who refused to spend were rounded up and taken to re-education camps: Japanese age 50 and over were taken to schools run by the Home Shopping Network, where they were taught how to make purchases from TV, while Japanese under 50 were taken to Amazon.com school, where they were taught how to make purchases over the Internet.

General Summers said, "My predecessor, Douglas MacArthur, transformed Japan from a dictatorship to a democracy, and I will transform Japan from a producer-driven society to a consumer-driven society. MacArthur said 'Charge'; I say 'Charge it.'"

Troops under the command of Brigadier General Charlene Barshefsky — who had previously been America's top trade negotiator — were systematically blowing up Japan's trade barriers and arresting customs officials. Ms. Barshefsky said, "Let this be a warning to the Europeans, if they continue to refuse to buy our bananas."

The New York Times.

It's Time for Autonomy for the Kurds

By Stephen S. Rosenfeld

WASHINGTON — Having reduced Abdullah Ocalan militarily by pounding his forces and capturing him, the Turkish authorities intend to finish him politically by depicting him as a killer and as an inconsequential figure. The Turks have a point. He is a killer. He can claim to speak only for a segment of Turkey's 12 million Kurds; for Iraq's, Iran's and Syria's Kurds he speaks not at all.

But this is not the end of the Kurds. Ankara dismisses their guerrillas as kids rendered vulnerable by destitution to ideological capture. In fact, these guerrillas were able to mount a 14-year separatist war against one of the more powerful armies in the world. They still possess an infrastructure. Why else has Turkey just sent troops into northern Iraq, and how else to account for the demonstrators in Europe?

The rebels must carry a good measure of the blame for a war that has inflicted heavy costs, raised the hurdles to Turkey's fuller democratization and denied Turks a normal place in the Western sun. But the Turkish establishment, especially the army, shares the blame.

Meanwhile, the millions of Kurds who did not support Mr. Ocalan are still without civil, human and cultural rights. The 25 million Kurds remain what has been called the world's largest nation without a country. It is as though no place was left for them when the seats for new states were being filled after the two world wars. While this was happening, moreover, ethnic claims for statehood were becoming the international norm. History's losers missed out.

It is easy for people elsewhere to advise the Turks to grant the Kurds self-determination. Set aside the question of what protections and rights to offer the other non-Kurdish minority peoples in that quarter. Turks should not be penalized for rejecting advice that would be rejected by those offering it.

But a fair degree of autonomy is something else. "Autonomy" has become a rhetorical halfway house between an unattainable independence and an unacceptable status quo. In creative hands, however, autonomy has a capacious potential. At the least, it could mean cultural and language rights, protections for minorities, strong individual rights and the rule of law. These elements presumably would give comfort to those being granted self-rule, including the comfort of knowing that the granting power had taken on a grave obligation to provide these benefits. The benefits would also presumably ensure the mother state a willing partner in governance, rather than a reluctant or even rebellious challenger.

A Turkish Kurdistan state is way over the horizon, but autonomy for the splintered Kurds could conceivably come to appeal to both sides as superior to the ghastly alternative of struggling on.

Are Mr. Ocalan and his blood-soaked party irredeemable as interlocutors for a Turkish government that has a nationalistic bent and a dependence on an army exulting in a historic victory? Then let Ankara stop disenfranchising Kurdish parties and start listening more to those Kurds and other Turks who desire to bring their country into the Western democratic mainstream.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Tight-Lacing

PARIS — Assemblyman Dagget has introduced in the Wisconsin State Legislature a bill to the following effect: "Resolved that a committee be appointed, consisting of three members, to draft a bill to protect the health of the misses, old maids, and married women of the State of Wisconsin by making a law to prohibit tight-lacing." Mrs. Helen Barker, the president of the Woman's Temperance Union, says that trouble will begin when the police attempt to enforce such a law.

1924: Fascist Shot

PARIS — While many Americans were dining in the fashionable Noel Peter's restaurant, just off the Grands Boulevards, last night [Feb. 20], a waiter, with the cry: "Down with Mussolini!" drew a revolver and fired three shots at Signor Nicola Bonservizi, Mussolini's representative in France and head of the Fascist organisation in Paris. Signor Bonservizi was removed to hospital, and his condition was declared critical. Signor Bonservisi's assailant was an Italian anarchist who had been employed as a waiter at the restaurant only two days ago.

1949: Speeding King

WESTBORO, Mass. — State Trooper Vincent L. Power stopped an automobile on a state highway and accused the driver of speeding. "What's your name?" Mr. Power demanded. The driver, en route from Boston to New York, told him. The trooper snapped: "Oh, yeah, and who's that in the back seat — Napoleon?" The driver replied: "No, that's my bodyguard." He produced documents to prove he was ex-King Peter of Yugoslavia. Trooper Power told him to proceed.

Herald International Tribune

BUSINESS/FINANCE

SATURDAY-SUNDAY, FEBRUARY 20-21, 1999

Japan's prime minister, Keizo Obuchi, right, and Chief Cabinet Secretary Hiromu Nonaka attending a budget vote in Parliament Friday.

Bond Market Suddenly Focuses Japanese Attention

By Sheryl WuDunn
New York Times Service

TOKYO — Japanese bonds were probably the last thing on the mind of Keizo Obuchi, a mild-mannered old-style leader, when he became prime minister six months ago, but in recent days his aides have been checking the blips and ticks in the bond market.

Some members of Parliament are even receiving daily bond sheets, highlighting the day's closing prices of the benchmark 10-year bond.

Mom-and-pop shops in the rural areas are watching bond prices.

And over the last couple of weeks, one of the most vocal commentators on bond yields has been the brash and sharp-witted Hiromu Nonaka, Japan's top government spokesman and Mr. Obuchi's right-hand man. Politicians like Mr. Nonaka have pushed the issue of bonds to the forefront of the public agenda because the turmoil in the bond market, along with a strong yen, can extend Japan's economic recession, which in turn threatens global economic growth.

Japan's budget advances. Page 13.

Mr. Obuchi has told voters his government will revive the economy over the next 12 months or so. Although his popularity ratings have risen as he has consolidated his political base, a protracted recession could seriously damage his political future.

This country has become fixated on the bond market because prices have fallen as investors have dumped long-term bonds, forcing their yields to rise. They are worried that a huge volume of fresh bonds issued to pay for construction and other public works projects to stimulate the economy will push bond prices lower. Higher yields mean higher interest rates, which can extinguish a recovery.

So in the last couple of weeks, politicians have bullied even the Bank of Japan, the nation's conservative central bank, which cut its overnight interest rate a week ago. Now that rate is headed toward zero, which means banks are borrowing money overnight at virtually no cost.

Even so, politicians are not satisfied, mainly because the central bank is focusing only on lowering the short-term rates, not the long-term ones, where the rise is the greater economic threat.

"To combat the monster of deflationary spiral, the Bank of Japan is using the two-sword style of fencing," said Yoshimi Watanabe, a prominent Parliament member for the Liberal Democratic Party, who worries that an overall decline of wages and prices of goods, from property to stocks, could worsen by the summer if economic policymakers do not take more drastic steps. He said the bank has "further shortened the short sword, which is the short-term interest rate. But that is not an effective weapon."

Mr. Watanabe and others would like to see the Bank of Japan ease monetary policy by buying bonds to add to the money supply rather than manipulating interest rates, which are easier to focus on but are already so low that reducing them more hardly makes a difference.

Adding to the money supply could

See BONDS, Page 13

Time for a Paul Revere to Ride to the Rescue?

BankBoston On Edge Amid Takeover Talk

By Timothy L. O'Brien
New York Times Service

BOSTON — Less than a year ago, BankBoston Corp., an institution with a venerable Brahmin lineage, was riding high.

The bank had made a sharp turnaround from lending debacles of the late 1980s. Among U.S. banks, only Citibank had a more extensive consumer banking business in fast-growing — and very lucrative — Latin American markets.

So employees had every reason to celebrate last March at a party at the bank's headquarters here, as they gathered to toast an achievement that confers ultimate bragging rights on Wall Street: a soaring stock price.

Today, however, BankBoston, whose customers once included Paul Revere, is being buffeted by fears that Brazil's economic crisis may overwhelm it.

The bank has also been embarrassed by financial scandal, trading losses and an untimely and expensive acquisition. Its stock has plunged from its 52-week high at a time when mergers are sweeping the banking industry. As a result, the bank is now seen by many analysts as takeover bait.

"They're in a tough spot because the place where they have put their bets is not the place you want to be right now," said Nancy Bush, an analyst with Ryan, Beck & Co. "I think that their history is somewhat against them, and I don't see them as an industry survivor. I don't think they were prepared for the kind of damage that was done to their stock."

For a bank that has prided itself on its prowess in Latin America, the setbacks of the past year have been particularly humbling.

Most large U.S. banks are involved only in lending to Latin American borrowers. But BankBoston has extensive branches in Brazil and Argentina and offers checking and savings accounts, credit cards, mutual funds and other staples of consumer banking. Even its president was born in Brazil.

And BankBoston, whose charter dating back to 1784 is the oldest in the country, is no stranger to the perils of doing business in Latin America. The bank set up shop in Argentina in 1917 to help Massachusetts textile companies find new sources of wool. In 1947, it made its first foray into Brazil.

Brazil is plagued with unusually brutal economic problems right now, and BankBoston lacks the overall heft of other banks that have decided to run the risks of doing business there.

For their part, BankBoston executives acknowledge the hardships that blindsided them last year. But they remain confident that BankBoston, an unusual hybrid of old-fashioned banking, corporate lending and stock underwriting married to an extensive Latin American operation, is well positioned for the long haul.

"We're in a time of change the likes of which I've never seen," said Chad Gifford, chief executive of BankBoston. But, he hastened to add, "I feel no pressure to do a deal."

Others, however, question how

See BOSTON, Page 13

Henrique Meirelles, BankBoston's Brazilian-born president, left, and Chad Gifford, the chief executive.

Spanish Firms Unfazed by Crisis in Brazil

By Al Goodman
New York Times Service

MADRID — Spanish companie that invested heavily last year in Braz insist they are not having secon thoughts because of its financial crisi and several have turned it to their ad vantage.

The state-run telecommunication giant Telefonica SA, for exampl gained $1 billion on Brazil's curren devaluation in January. And Banco Bi bao Vizcaya SA, Spain's secon largest bank as measured by asset acquired the troubled Banco Exc Economico in August for one Brazilia real while agreeing to invest $820 mi lion to bring it back to health with th aid of government concessions.

"The bet we made on Brazil is long-term bet," said Francisco Blanc Telefonica's director of investor re lations, echoing a policy heard in othe Spanish board rooms.

Telefonica agreed to pay $6 billion last July for the largest piece of Telecommunicacoes Brasileiras SA, known as Telebras, Brazil's telephone system, when the government auctioned it off. But after the real was devalued in January, Telefonica saved $1 billion on the deal through the early redemption of bonds denominated in dollars that it had encouraged the Brazilian government to issue last autumn.

"These days, potential investors think twice about investing in Brazil," Mr. Blanco said. "So we are gaining position."

But not without some pain. Telefonica's share price has declined 8 percent since last July, and Standard & Poor's Corp. slightly lowered the company's long-term rating in November because of increased exposure in Latin America.

After the devaluation of the real last month, share prices also dipped for Banco Bilbao and Banco Santander SA, Spain's largest bank, which bought Brazil's Banco Noroeste for $756 million last year. Standard & Poor's placed Banco Bilbao on credit watch last month because of its exposure in emerging markets, including Brazil.

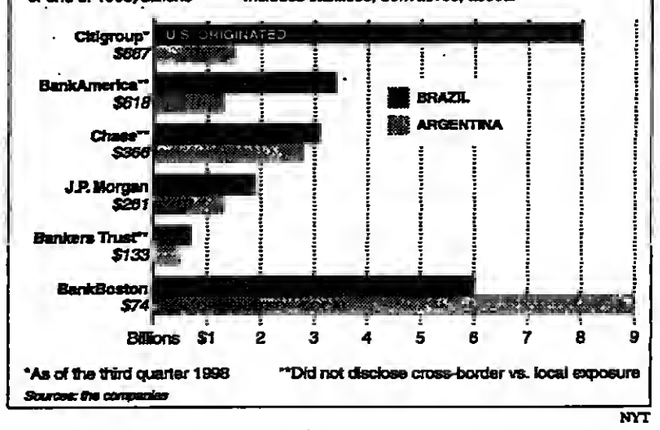
But the buying spree by Telefonica and the two big Spanish banks in Brazil came after they spent several years investing heavily in banks and telecommunications in Argentina, Chile and Peru. The companies say Brazil's potential is too important to ignore despite the current financial instability.

"Brazil accounts for about half of Latin America's gross domestic product," said Jose Sevilla, Banco Bilbao's financial director for Latin America. "We have a project to build franchises in Latin America to combine the advantages of global and local banking. Brazil is part of our overall strategy."

Other Spanish companies are following. Endesa SA, Spain's largest electric utility, paid about $400 million last year for key stakes in Coelce, an electricity distributor, and in the Cien consortium, which will supply Brazil with electricity from Argentina. Endesa's director of affiliated companies, Alberto Lopez, said the company made the relatively small investments to better position itself for the privatization of Brazil's electricity generation network, which is expected within 18 months.

Risk in South America

Many big banks make South American loans that originate in the United States. Two, BankBoston and Citigroup, also have extensive banking businesses based in Brazil and Argentina. Some worry that BankBoston is not big enough to weather Brazil's crisis, which could spread to Argentina.



*As of the third quarter 1998 **Did not disclose cross-border vs. local exposure

Sources: the companies

NYT

U.S. Trade Shortfall Sets Record in 1998

But Data Show Improvement for December

Bloomberg News

WASHINGTON — The U.S. trade deficit narrowed in December as both exports and imports declined, the Commerce Department said, but that was not enough to prevent the gap for all of 1998 from setting a record.

The trade shortfall in December fell to $13.8 billion after widening in November to a revised $15.3 billion. The deficit for 1998 widened to an all-time high of $168.6 billion, exceeding the previous year's $110.2 billion shortfall and the prior record of $153.3 billion reached in 1987.

A decline of 0.6 percent in December exports reflected weaker demand for industrial supplies and auto parts. Imports fell 2.1 percent as oil prices dropped and demand for consumer goods was little changed. In December, the deficit with Japan widened, the shortfall with China narrowed and the deficit with Canada, the nation's leading trading partner, widened.

For all last year, exports fell 0.7 percent to $931.3 billion, Commerce Department figures showed, the first annual decline since 1985. Imports rose 5 percent last year to $1.1 trillion.

And yet there was a silver lining — the drop in oil and other import prices helped propel a surge in the U.S. gross domestic product in the final three months of last year. The shrinking December trade deficit suggests "fourth-quarter GDP will be revised up from 5.6 percent to at least 6 percent," when measured at an annual rate, said Ian Morris, an economist at HSBC Markets in London.

Separately, Labor Department figures showed that consumer prices rose less than expected in January. The consumer price index rose 0.1 percent last month, the same as in December. The CPI core rate, which excludes food and energy costs, increased 0.1 percent in January, after a 0.3 percent rise a month earlier.

"Show me the inflation — it's not there," said Richard Yamarone, an economist at Argus Research Corp. in New York. Analysts had expected a 0.2 percent increase.

The relative absence of inflation came despite the fact that consumer spending surged 4.8 percent last year, a 14-year high. Much of that increased demand was met by goods purchased from abroad.

As a consequence, the U.S. deficit in merchandise trade alone rose to a record $248 billion in 1998, when calculated on a balance of payments basis, up from the previous record of $198 billion in 1997. For 1999, the trade deficit in goods alone could widen to as much as $300 billion, according to estimates from the U.S. trade representative, Charlene Barshefsky.

In December, exports of goods and services fell to $78.5 billion and imports fell to $92.3 billion. Analysts had expected a December deficit of $15.7 billion, up from November's initial reading of $15.5 billion.

Trade in services also showed weakness last year. Though the United States posted a surplus in services of $79.4 billion in 1998, that was down from a surplus of $87.7 billion a year earlier.

In December, the merchandise deficit with Japan widened to $5.9 billion from $5.8 billion during November and $5.2 billion in December 1997. For all of last year, the U.S.-Japan trade gap totaled $64.1 billion, up from 1997's $56.1 billion and the second highest on record.

The deficit with China narrowed to $4 billion in December from $5 billion during November and $3.9 billion during December 1997. For all of last year, the U.S.-China trade gap widened to a record $56.9 billion from $49.7 billion in 1997.

California Regulator Sues Credit Lyonnais for Fraud

Compiled by Our Staff From Dispatches

SAN FRANCISCO — California's insurance regulator said Thursday he had filed suit against the French bank Credit Lyonnais SA and other companies and individuals, accusing them of fraud and demanding repayment of "billions of dollars" in illegal profits.

The lawsuit alleges that the defendants skirted California insurance laws in an attempt to obtain a valuable junk bond portfolio belonging to Executive Life Insurance Co., a Los Angeles company taken over by the state in 1991 after it became one the largest insurance failures in U.S. history.

The suit said the defendants fraudulently concealed the involvement of certain parties who took over ownership and management of Aurora National Life Assurance Co., a new company formed to take responsibility for policies issued by Executive Life.

"These rogue individuals and their corporate partners came to California with a scheme shrouded in lawless deceit, so they could evade regulations intended to protect innocent policyholders and consumers," the California insurance commissioner, Chuck Quackenbush, an elected official, said.

Named as defendants in the suit were the French state-owned bank Credit Lyonnais and the Swiss finance company Omnium Geneve SA. Other named defendants included Altus Finance SA, a division of Credit Lyonnais, CDR Enterprises and the French mutual insurance companies Mutuelle Assurance Artisanale de France and Mutuelle Assurance Artisanale de France Vie SA.

CDR Enterprises is a body created by the state to take ownership of, and arrange disposal of, bad assets acquired by Credit Lyonnais, notably in the property sector. Credit Lyonnais is estimated by the European Union Commission to have cost the French taxpayer up to 150 billion francs ($25.62 billion) in successive rescues.

The commission has required the French authorities to privatize the bank in exchange for permission to provide rescue funds, and managers at Credit Lyonnais hope to have cleared its books for the sale.

But on Friday, Credit Lyonnais said that it "does not assume any risks" that might arise from Altus, which it transferred to CDR in 1995. *(Reuters, AP)*

CURRENCY RATES

Cross Rates — Feb. 19

	$	£	SF	Yen	C$	Dnmk	Grk	Swdn
London (a)	1.6295	—	2.3496	196.40	2.4304	10.9209	472.72	13.0947
New York (b)	—	1.6223	1.4455	121.15	1.4865	6.673	290.62	7.9953
Tokyo	119.85	194.88	83.76	—	80.54	18.03	N.Q.	15.03
Toronto	1.4885	2.4129	1.0283	1.23*	—	0.2215	0.5117*	0.1849
Zurich	1.4453	2.3497	—	1.1932*	0.9697	21.5331	0.4977*	0.1801
One euro	1.1163	0.6838	1.5982	133.97	1.6618	7.4346	322.10	8.911
One SDR	1.3763	0.8417	1.9582	163.37	2.0685	9.0927	394.53	10.9177

— Interbank rates excluding commissions.

a: To buy one pound; b: To buy one dollar; *Per 100; N.Q.: not quoted; N.A.: not available. SDR: Special drawing rights of the IMF.

♦ Sources: Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); Banque de France (euro); IMF (SDR). Other data from Reuters.

Euro Values

3 Fixed rates of the EMU member currencies, for one euro:

Austrian schilling	13.7603	Irish punt	.787544
Belgium/Lux. franc	40.3399	Italian lira	1,936.27
Finnish markka	5.94573	Neth. guilder	2.20371
French franc	6.55957	Portug. escudo	200.482
German mark	1.95583	Spanish peseta	166.386

Other Dollar Values — Feb. 19

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9999	Hong. dollar	7.7497	N. Zealand $	1.8423	Slov. koruna	38.58
Australian $	1.5736	Indian rupee	42.42	Norw. krone	7.802	S. Afric. rand	6.225
Brazilian real	1.90	Indo. rupiah	8825.0	Polish zloty	3.86	S. Korea won	1203.5
Chilean peso	487.15	Israeli shek.	4.0688	Port. escudo	200.482	Taiwan $	32.41
Chinese yuan	8.2785	Jordan dinar	0.7097	Russian ruble	21.5331	Thai baht	37.84
Czech koruna	32.84	Leban. pound	1,508.0	Saudi riyal	3.7502	Turkish lira	344,014
Egypt. pound	3.4998	Malay. ringg.	3.7950	Singapore $	1.70	UAE dirham	3.671
Hong Kong $	7.7498	Mexican peso	9.915	Slovak koruna	38.58	Venez. bolivar	576.5

Source: Associated Press.

European Cross Rates

Intra-EMU rates are permanently fixed

	Aus	Belg	Finl	FrF	DM	Ire	Lire	Neth	Port	Spain
Dollar	12.4962	36.57	5.8404	5.9143	1.7634	0.7161	1,745.73	1.9969	180.75	150.02
Pound	20.2086	59.2438	9.732	9.5735	2.8524	1.1584	2,843.43	3.2344	294.43	244.36
Yen	9.34	2.3227	22.85	23.44	6.854	170.71	6.92	80.83	0.67	0.8057
Aust. schilling	—	34.7189	2.7343	2.9777	7.8955	17.473	0.7197	6.2442	6.8436	8.2701
Belg. franc	2.8796	—	4.7847	4.7498	20.4255	51.2211	2.0634	18.3054	20.1715	24.3446
Fin. markka	0.4521	14.7391	—	0.9044	3.04	7.5495	0.3071	2.6981	2.9457	3.5735
Fren. franc	0.4267	14.2692	1.1032	—	3.3578	8.3289	0.3388	2.9766	3.2719	3.9434
Germ. mark	0.1421	4.6484	0.3289	0.2982	—	2.4834	0.101	0.8875	0.9756	1.1755
Irish punt	0.5572	1.9523	0.1325	0.12	0.4027	—	0.0407	0.3574	0.3928	0.4733
Italian lira	140.71	4,799.19	325.46	295.18	990.00	2,458.56	—	878.64	966.81	1,163.72
Neth. guilder	0.1601	5.4629	0.3706	0.336	1.1267	2.7961	0.1138	—	1.0992	1.3245
Port. escudo	14.5696	496.98	33.7187	30.5633	102.51	254.56	10.354	90.9748	—	120.49
Span. peseta	12.0717	412.46	27.984	25.365	85.0778	211.27	8.5931	75.5227	82.993	—

U.S. and Britain Fail to Revive Aviation Talks

By Tom Buerkle
International Herald Tribune

LONDON — Efforts to restart negotiations on an open skies aviation agreement between the United States and Britain made little headway during two days of exploratory discussions here, U.S. and British officials said Friday.

The long-standing differences between the two sides appeared to be reinforced by the current price war on North Atlantic routes, which has depressed earnings of British Airways PLC and dampened enthusiasm for the intensified competition that an open skies agreement would bring, industry sources said.

Officials from Britain's Department of Environment, Transport and the Regions sketched out proposals for phasing in a liberalization of air service between the two countries over a period of four to five years, according to officials involved in the discussions.

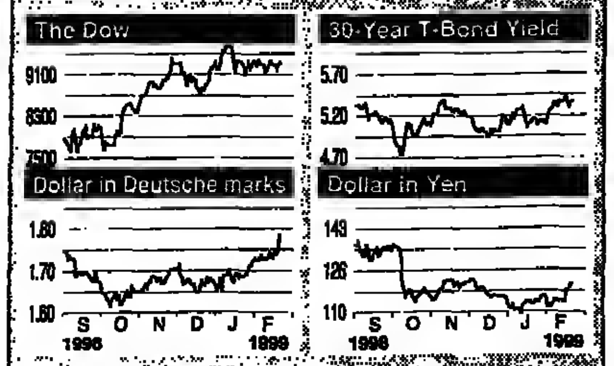
Officials from the U.S. Department of Transportation countered by demanding that any phased approach must start with the abolition of limits on new carriers at London's Heathrow Airport. They made it clear that U.S. regulatory approval of British Airways' proposed alliance with American Airlines depended on opening up Heathrow.

The U.S. officials also rejected British demands that Washington raise the limit on foreign ownership of U.S. carriers to 49 percent from 25 percent, abolish laws requiring civil servants to fly on U.S. carriers and allow foreign carriers to fly between points within the United States. U.S. officials said there was little prospect of winning legislative approval required for such changes.

While the atmosphere was better than it was in October, when the U.S. side walked out to protest a lack of progress, officials said the discussions failed to move positions or produce a timetable for resuming formal negotiations.

U.S. officials said they expected to get a response from their British counterparts within the next month or so, and they hoped that the prospect of approval for the British Airways-American Airlines alliance would provide the incentive for Britain to compromise. "The ball is still in their court," a U.S. official said.

Investor's America



Exchange	Index	Friday @4 P.M.	Prev. Close	% Change
U.S.	The Dow	9339.95	9298.63	+0.44
U.S.	S&P 500	1239.16	1237.28	[illegible]
U.S.	S&P 100	620.25	618.18	+0.33
U.S.	NYSE Composite	586.56	586.46	+0.02
U.S.	Nasdaq Composite	2283.44	2260.55	+1.01
U.S.	AMEX Composite	692.57	[illegible]	+0.40
Toronto	TSE Index	[illegible]	[illegible]	[illegible]
São Paulo	Bovespa	[illegible]	[illegible]	[illegible]
Mexico City	Bolsa	[illegible]	[illegible]	[illegible]
Buenos Aires	Merval	[illegible]	[illegible]	[illegible]
Santiago	IPSA General	[illegible]	[illegible]	[illegible]
Caracas	Capital General	[illegible]	[illegible]	[illegible]

Source: Bloomberg, Reuters International Herald Tribune

Very briefly:

- **Brazil's** economy grew 0.15 percent last year, against a gain of 3.03 percent in 1997, the state-run Institute of Geography and Statistics reported. Fourth-quarter gross domestic product contracted 1.9 percent following sharp increases in interest rates. The data do not include fallout from the January devaluation of the currency.
- **General Dynamics Corp.** offered to buy **Newport News Shipbuilding Inc.** for $2 billion, an unsolicited bid that could block the Virginia shipyard's pending purchase of the shipbuilder **Avondale Industries Inc.** Newport News said it would take no action before a government review of the proposed deal, which would unite two of the largest naval shipyards and the sole U.S. makers of nuclear submarines.
- **Costa Rica's** central bank is studying adopting the U.S. dollar as its currency, Chairman Eduardo Lizano said, noting that no final decision was imminent.
- **Microsoft Corp.** is free to distribute Java technologies it developed independently, a U.S. District Court judge ruled in clarifying his preliminary injunction in a lawsuit by Sun Microsystems Inc. that alleges the software giant had violated its Sun license to use Java.
- **First Union Corp.** will cut as many as 7,200 jobs, or 10 percent of the banking giant's work force, as it seeks to reduce costs by $400 million this year. It will also minimize the use of outside consultants.
- **MacDermid Inc.** has agreed to buy **PTI Inc.**, the holding company for **Polyfibron Technologies Inc.**, for $449 million in stock and debt as the maker of specialty chemicals seeks to expand its graphic arts business.
- **U.S. Bancorp** is buying the San Diego-based **Bank of Commerce** for about $314 million in stock, to expand the Minneapolis-based bank's West Coast lending activities for small businesses.
- **Gillette Co.'s** chairman and chief executive, Alfred Zeien, will retire April 15. He will be replaced by the president and chief operating officer, Michael Hawley. *AP, Bloomberg, WP, AFX*

Technology Rebound Cheers Wall Street

Compiled by Our Staff From Dispatches

NEW YORK — Stocks rose Friday as investors bought shares in Microsoft, Lucent and other technology shares that had dropped sharply in recent weeks.

"You can only take stocks down so far before people come back in as they find value in them," said Ted Bridges, a money manager with Bridges Investment Counsel Inc. of Omaha, Nebraska.

The Dow Jones industrial average rose 41.32 points, or 0.44 percent, to 9,339.95.

Broader stock indicators were also higher, with the biggest gains coming in the technology-laden Nasdaq composite index, which rose 22.89 points, or 1 percent, to 2,283.44. The Standard & Poor's 500-stock index rose 1.88 points to 1,239.16. Declining issues outnumbered advancing ones by a narrow margin on the New York Stock Exchange.

The Nasdaq composite gained 15 percent in January, but most of those gains were wiped out this month as technology shares were battered. The Nasdaq is now up only 4 percent for the year.

Microsoft rose 1 15/16 to 147 11/16, while Lucent rose 1 9/16 to 102 9/16.

Fueling the gains on Friday was a prediction by a CIBC Oppenheimer analyst, Henry Blodget, who said Internet stocks would hit new highs this year. Among the stocks he thought would do especially well were Yahoo! and Amazon.com.

Yahoo! rose 6½ to 135⅜; Amazon.com finished up 12⅞ at 101⅞.

Mr. Blodget gained investors' attention last December after he sharply increased his price projection for Amazon.com to $400 a share, prior to its 3-to-1 stock split. Once it surpassed that level, he refused to raise his price target again, which put pressure on the entire Internet sector.

U.S. STOCKS

Merrill Lynch & Co., the biggest U.S. brokerage, rose 2⅜ to 72¼ after it said it agreed to buy D.E. Shaw's on-line brokerage for about $25 million. The unit includes about 30 on-line trading employees and record-keeping software for Merrill's Internet trading operations. The company plans to start offering on-line trading for some clients with fee-based accounts before the end of March.

Union Carbide and other chemicals companies rose on indications that chemicals prices are recovering. Prices for basic chemicals and plastics dropped as much as a third in 1998 because of a global production glut and declining demand in Asia. Now, production cuts have reduced inventories, letting producers increase prices.

There was little reaction in the market to a tame inflation report from the Labor Department, which showed consumer prices rising just 0.1 percent in January. An unexpected narrowing of the U.S. trade deficit also had little impact.

U.S. bonds were little changed as the government reports reinforced expectations for strong growth and tame inflation, giving investors scant incentive to buy Treasury securities.

The price of the benchmark 30-year Treasury bond slipped 2/32 to 98 4/32, pushing the yield up to 5.38 percent from 5.36 percent.

(AP, Bloomberg)

Dollar Climbs to a Record Against the Euro

Bloomberg News

NEW YORK — The dollar hit a record against the euro and surged against the yen late Friday after the U.S. trade deficit unexpectedly narrowed.

A smaller deficit means foreign companies and investors have fewer dollars to convert into their domestic currencies. That, combined with a prolonged U.S. economic expansion and rising stock prices, makes the dollar most attractive among major currencies, investors say.

The euro was quoted at 4 P.M. at $1.1073, down from $1.1204. The single European currency has fallen about 5 percent against the dollar since the initial rate was set. The dollar rose to 121.15 yen, compared with 119.685 yen at the end of the day on Thursday.

The dollar rose to 1.4455 Swiss francs from 1.4246 francs, while the pound fell to $1.6223 from $1.6355.

FOREIGN EXCHANGE

The U.S. trade deficit narrowed to $13.8 billion in December from $15.5 billion in November. Most economists had expected the surplus to expand.

A separate report showed that U.S. consumer prices rose 0.1 percent in January, the same as the previous month and below expectations of an 0.2 percent gain.

The dollar rose against the yen after Taichi Sakaiya, the director general of the Economic Planning Agency, became the latest in a chorus of Japanese officials to say he favored a weaker yen. He said that an appropriate level for the dollar would be 120 yen.

Francis Breedon, a currency economist at Lehman Brothers International in London, expects the dollar to hit 125 yen by the end of March.

Guidelines Offered on Job Safety

By Cindy Skrzycki

Washington Post Service

WASHINGTON — The Occupational Safety and Health Administration on Friday moved toward requiring employers to take steps to ensure that workers are less likely to succumb to an array of injuries to the back, neck, wrist and arms that have emerged in the modern workplace.

The agency unveiled proposed "ergonomics" standards after eight years of study and false starts.

It has faced relentless opposition from business and from Republicans in Congress, who have three times written into appropriations laws language that has prevented the agency from preparing rules on the subject.

The most recent restriction expired last October, and the agency is now moving ahead quickly, hoping that its new standards could reduce injuries that come from constant repetition, overexertion, awkward postures, or equipment not suited to the size or strength of the worker.

Ergonomics is the science of designing jobs to fit the physical abilities and limitations of workers.

"If OSHA exists, it should deal with health and safety hazards, and ergonomics should be covered," said Charles Jeffress, the assistant secretary of labor and head of the agency.

The proposals are limited to "general industry," such as jobs on assembly lines and in baking, sewing, meatpacking and package handling.

But parts of the rules could affect office workers if an employer had "problem" jobs with documented injuries resulting from activities such as operating a computer keyboard or scanning the prices of groceries.

Jobs in agriculture, construction and the maritime industry would not be covered.

The agency's announcement is not a formal proposal ready to be reviewed by the Office of Management and Budget, but the first step toward a rule that may be ready for public comment by the fall.

Bids Give a Lift To America West

Bloomberg News

CHICAGO — America West Holdings Corp. shares rose 12 percent Friday amid speculation that the airline had attracted competing bids from Continental Airlines Inc. and UAL Corp.

UAL, parent of the No. 1 U.S. carrier, United Airlines, offered an undetermined amount for America West, The Wall Street Journal reported.

Continental, the fifth-largest U.S. carrier, owns 8 percent of America West and has said it may exercise its right to buy a controlling stake.

America West shares closed $2.375 higher, at $22.375.

"Continental will take a hard look at taking its right of first refusal," said Thomas Longman, analyst at Arnhold & S. Bleichroeder Inc.

OLIVETTI: *Takeover Bid for Telecom Italia Is Expected*

Continued from Page 1

almost immediately Friday night. Union spokesmen said they feared an eventual deal could lead to massive layoffs.

Analysts said they believed the bid would be launched, but it remained to be seen whether it could be successful. A Milan investment fund manager said: "I don't know where Olivetti will come up with that kind of money. They must have some kind of big leverage."

Italy's financial scene was in a state of turbulence Friday as rumors swirled throughout the day about an Olivetti bid for Telecom Italia, which has the largest capitalization on the Milan stock market, at about 100 trillion lire (almost $580 million).

Shares of Olivetti rocketed 8 percent, to 3.25 euros ($3.64) on Friday.

The most striking aspect of the potential bid is that Olivetti, which only returned to profit recently after several years of losses, is much smaller than Telecom.

According to 1997 figures, Telecom Italia had annual revenue of 42.8 trillion lire with profit of 3.488 trillion lire. It employs more than 126,000 people. Olivetti reported 1997 sales of 8.43 trillion lire on net profit of 16 billion lire. It employs about 26,000. Only two years ago, Olivetti was drowning in losses.

One source close to Telecom Italia said a formal bid "would be like the worst of the 1980s U.S.-style leveraged buyouts. They would be assuming a huge debt load that would force the breakup of Telecom."

Roberto Colaninno, the 55-year-old Olivetti chairman, is a low-key Italian businessman credited with turning around the fortunes of the telecommunications group Olivetti.

He is a protégé of the former Olivetti chief, Carlo De Benedetti, who last year sold his remaining shares in the company.

Mr. Colaninno already had shocked markets and financial circles when he revealed last November that an investment group that he assembled in a Luxembourg company, Bell SA, had amassed the single largest shareholding in Olivetti by purchasing a stake of about 13 percent.

He has moved quickly to shift Olivetti's core business to the fast-growing telecommunications sector, selling off most of the computer and office products activities.

Analysts speculated Friday that the eventual takeover bid could be led by Olivetti but backed by his associates in Bell.

Telecom has been through two years of management turbulence. Its chairman was forced to resign last fall after a public relations snafu involving a leaked profit warning. Telecom also has missed out on sealing important international alliances, analysts said.

It recently named Franco Bernabe, the former head of Italian energy giant ENI, as its chief executive in an effort to turn around its fortunes.

NEC: *Big Job Cuts on Horizon*

Continued from Page 1

chines Corp., Cisco Systems and Lucent Technologies.

NEC has been slower than its competitors to address its structural problems, in part because it was the last of the major high-technology companies in Japan to feel the pain of excess capacity, falling semiconductor and personal computer prices and over-employment.

Two competitors, Toshiba and Hitachi, have embarked on overhauls that are significant by Japanese standards, and Fujitsu revamped its operations some time ago.

But Friday's plans left no doubt that NEC plans to move quickly and determinedly to correct most of its problems.

Analysts are particularly concerned about NEC's personal computer business, which has been losing market share in Japan. The U.S. subsidiary, Packard Bell NEC, has fallen hard.

NEC said it would write off 189 billion yen of its original investment in Packard Bell, in which Bull SA of France is a minority owner. Packard Bell's European operations, which are profitable and growing, will be brought directly under NEC's control.

NEC said Packard Bell had already benefited from restructuring measures taken in the last year, including the layoffs and a focus on selling products with higher profit margins.

The company has worked hard to build its systems integration business — the integration of computers and communications capabilities — but it has always been known more as a maker of computers, semiconductors and telecommunications equipment, which have ever-more-thin profit margins.

It said it would continue to develop the more nuts-and-bolts business of support systems integration but warned that some of those businesses have "insufficiently clear long-term profit potential."

Those businesses, the company said, would be reorganized, sold off or spun off.

The company announced Friday that it hoped to bring its debt-to-equity ratio down to 1.5 to 1, from the current 1.87 to 1, and raise its return on equity to 15 percent, a target almost never mentioned by Japanese companies.

U. S. STOCK MARKET DIARY

Friday, Feb. 19

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	9299.17	9395.40	9267.98	9339.95	+41.32
Trans	3125.17	3152.94	3123.10	3134.51	+10.64
Util	295.75	296.84	292.67	295.58	+0.33
Comp	2860.90	2886.35	2851.58	2871.08	+10.43

Standard & Poors

	Previous High	Previous Low	Previous Close	Today 4 P.M.
Industrials	1492.27	1470.55	1490.11	1492.53
Transp.	673.85	661.27	665.58	668.25
Utilities	243.64	239.57	242.70	240.84
Finance	132.63	130.11	132.38	132.71
SP 500	1239.13	1220.70	1237.28	1239.16
SP 100	619.63	610.57	618.18	620.25

NYSE

	High	Low	Last	Chg.
Composite	590.14	583.87	586.56	+0.18
Industrials	733.55	726.08	730.03	+0.48
Transp.	474.15	468.36	472.56	+3.33
Utility	440.14	433.78	435.90	-2.16
Finance	526.36	520.54	521.59	+0.57

Nasdaq

	High	Low	Last	Chg.
Composite	2291.41	2264.47	2283.44	+22.89
Industrials	1312.35	1299.09	1310.19	+10.25
Banks	1771.78	1761.20	1763.44	-1.43
Insurance	1750.55	1699.81	1746.16	+43.70
Finance	2717.44	2685.17	2710.73	+25.86
Transp.	958.56	951.07	954.50	+0.33

AMEX

High	Low	Last	Chg.
694.21	687.17	692.57	+2.75

Dow Jones Bond

	Close	Chg.
20 Bonds	105.31	
10 Utilities	103.06	-0.58
10 Industrials	107.55	+0.58

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
[illegible]	115260	10¼	9	9⅝	+¾
BellSo s	113122	46¼	44¾	45⅝	-⅞
AmOnline s	112251	161⅞	150¾	160⅝	+4⅝
Citigrp	98490	54½	52⅞	54¼	+1¼
Compaq	92936	41⅝	40⅝	41⅛	+½
PhilMor	82316	40¼	39⅛	39⅞	+⅝
AT&T	75588	87⅛	85¼	85⅞	-⅜
Venator	72959	4½	3⅝	4⅝	+¾
Lucent s	72307	104¼	100	102⁹⁄₁₆	+1⁹⁄₁₆
WalMart s	66368	66	63½	63⅝	-2½
HomeDp	56453	61⅞	58⅞	60¼	+1⅝
MerrLyn	53099	74	70⅝	72¼	+2⅜
PepsiCo	51409	39⅞	37⅝	39⅛	+1½
MirageRsl	50533	19⅛	17¾	18⅞	+1⅛
CocaCl	47442	65⅝	64⅛	65⅛	+1

Nasdaq

	Vol.	High	Low	Last	Chg.
DellCptr s	314045	83½	79⅞	80⅝	-2⅝
Microsft s	178467	149⅛	145⅝	147⅝	+2
MCI Wrld	140370	84¾	81¼	84⅝	+1⅝
Amazon s	133596	107½	91	101⅞	+12⅞
Intel	122846	130⅝	127½	128⅝	-⅛
Priceline n	121863	14⅝	13⅛	14⅛	—
Cisco s	107709	97⅞	95⅛	97⅛	+⅝
ApldMat	102088	68⅞	65	68⅛	+2½
Oracle	84102	54¼	50⅞	54⅛	+3⅛
Yahoo s	82707	137⅞	125¼	135⅝	+6½
SunMic	71498	97¼	94¼	96⅝	+2⅝
[illegible]	70462	22⅞	21½	22⅛	+1⅛
Vignette n	68938	53	41	42½	—
Peoplesoft	67196	19⅝	17⅛	19	+1⅛
[illegible]	65387	30	26	27⅞	—

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	50897	125¾	123⅝	124⅝	+⅞
SP Tech n	34686	34½	34⅛	34½	+⅜
TWA	13040	6¼	5⅝	6	+⅛
FAusPr	11404	6	5⅝	6	—
Hasbro	10069	38⅛	37	37⅞	-⅛
InterDig	8641	5⅜	4½	4⅞	-⅜
ViacB	7897	85⅝	82⅝	85⅛	+2⅜
[illegible]	7594	3⅛	2⅞	3	-⅛
SP Mid	7551	68⅛	67⅛	67⅞	+⅞
PC Quote	6791	4⅝	4	4½	+½

Trading Activity

NYSE

	Close	Prev.
Advanced	1412	1746
Declined	1530	1255
Unchanged	610	538
Total issues	3563	3579
New Highs	36	28
New Lows	82	145

Nasdaq

	Close	Prev.
Advanced	1912	1878
Declined	1559	2007
Unchanged	1407	1334
Total issues	4878	5219
New Highs	14	24
New Lows	73	116

AMEX

	Close	Prev.
Advanced	256	269
Declined	258	287
Unchanged	211	180
Total issues	725	736
New Highs	4	3
New Lows	20	18

Market Sales

	Today 4:00	Prev. cons.
NYSE	701.10	895.77
Amex	24.54	38.42
Nasdaq	788.74	859.91

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Banco Col S.A.	b	.0637	2-25	3-11
Dominion Res Blk	-	.6003	3-1	3-11
Mallinckrodt Inc	-	.165	3-15	3-31
Nortel Inversora	b	.3174	2-25	3-5
Telecom Nw Zeal	b	.4936	2-25	3-17
Telecom NwZeal	b	.4936	2-25	3-17
Torch Energy Roy	-	.27	3-1	3-11
STOCK SPLIT				
Colony Bankcorp 2 for 1 split.				
Cost Plus 3 for 2 split.				
Osteotech Inc 3 for 2 split.				
STOCK				
Polymer Research	-	5%	3-19	4-2
Prestige Bncp	-	5%	3-2	3-10
Republic PA	-	10%	3-2	3-10
INCREASED				
Arrow Intl	Q	.055	2-28	3-15
Belmont Bncp	Q	.12	3-15	3-26
Cass Commcl	Q	.19	3-5	3-15
Edward.AG.	Q	.15	3-5	4-1
Fst Indiana Corp	Q	.13	3-5	3-16
Kilroy Realty	Q	.42	3-31	4-9
Lakeland Fincl	Q	.11	4-9	4-26
Std Register	Q	.22	2-26	3-12
EXTRA				
Telecom Nw Zeal	b	.0871	2-25	3-17
Telecom NwZeal	b	.0871	2-25	3-17

Company	Per	Amt	Rec	Pay
INITIAL				
Connecl NtlFin PA	-	.13	2-28	3-10
Frontier Fincl	-	.25	3-1	3-19
Lone Star Ind n	-	.05	3-1	3-12
REGULAR				
Barnes Group	Q	.18	3-1	3-10
Corus Bkshrs	Q	.14	3-29	4-9
E'Town Corp	Q	.51	3-22	3-31
Fedl Screw	Q	.10	3-5	4-1
First Philson	Q	.135	3-15	3-30
Flowserve Corp	Q	.14	3-4	3-19
Koger Equity	Q	.30	3-31	5-6
LandAm Fincl	Q	.05	3-1	3-15
Lufkin Indust	Q	.10	3-1	3-10
Mahoning Bncshrs	Q	.12	3-1	3-12
Northrop Grum	Q	.40	3-1	3-13
PG&E Corp	Q	.30	3-15	4-15
Peoples Auburn	Q	.12	4-1	4-22
Scana Corp	Q	.385	3-10	4-1
Summit Bncp	Q	.30	4-8	5-3
Tri-county Bncp	Q	.11	3-2	3-31
Vulcan Intl	Q	.20	3-5	3-15
Wayne Bncp OH.	Q	.15	2-27	3-31

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semiannually.

U.S. Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99. cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

Friday, Feb. 19

Grains

CORN (CBOT) 5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
Mar 99	215¼	213¾	215	unch.	110,605
May 99	221½	219¾	220¾	unch.	91,664
Jul 99	226¼	224¾	225¾	-¼	81,977
Sep 99	233¾	231¼	232½	-½	19,609
Dec 99	241¾	239	240½	-½	49,406
Mar 00	249½	247¼	248¼	-½	4,051
May 00	253¼	252½	252¼	-½	404

Est. sales N.A. Thu's sales 53,977
Thu's open int 363,167, off 1,910

SOYBEAN MEAL (CBOT) 100 tons- dollars per ton

	High	Low	Latest	Chge	Opint
Mar 99	130.40	129.40	129.80	+0.10	32,981
May 99	130.00	129.10	129.50	-0.10	34,187
Jul 99	132.70	131.50	132.30	0unch.	31,951
Aug 99	134.30	133.20	133.40	-0.20	10,157
Sep 99	135.50	134.70	135.20	+0.40	8,450
Oct 99	137.00	136.00	136.30	0unch.	3,546

Est. sales N.A. Thu's sales 27,480
Thu's open int 130,352, up 1,569

SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb

	High	Low	Latest	Chge	Opint
Mar 99	19.53	18.79	18.91	-0.55	33,930
May 99	19.53	19.03	19.19	-0.49	38,452
Jul 99	19.93	19.25	19.44	-0.48	24,161
Aug 99	20.08	19.40	19.56	-0.54	5,925
Sep 99	20.20	19.55	19.70	-0.48	5,877
Oct 99	20.35	19.75	19.82	-0.43	3,330

Est. sales N.A. Thu's sales 42,910
Thu's open int 132,025, up 187

SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
Mar 99	482¾	476½	478¼	-3¼	50,068
May 99	487½	481¼	482¾	-4¼	39,215
Jul 99	495	488	489½	-4¼	36,407
Aug 99	496½	491	491¼	-5¼	11,484
Sep 99	499	493	493	-5	4,491

Est. sales N.A. Thu's sales 51,399
Thu's open int 167,199, off 3,110

WHEAT (CBOT) 5,000 bu minimum- cents per bushel

	High	Low	Latest	Chge	Opint
Mar 99	258½	254	254¾	-3¼	45,304
May 99	269½	264¾	264¾	-3½	32,794
Jul 99	279½	274¼	275	-3	42,848
Sep 99	287¾	285	285½	-2¾	4,110

Est. sales N.A. Thu's sales 24,192
Thu's open int 131,922, off 1,641

Livestock

CATTLE (CMER) 40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Feb 99	64.20	63.85	64.17	+0.27	4,003
Apr 99	66.90	66.37	66.70	+0.12	53,498
Jun 99	65.47	65.05	65.30	+0.23	28,490
Aug 99	64.60	64.27	64.42	+0.02	13,407
Oct 99	65.85	65.50	65.70	-0.02	7,795
Dec 99	66.95	66.70	66.72	-0.08	3,715

Est. sales 9,721 Thu's sales 11,245
Thu's open int 113,688, off 1,187

FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Mar 99	73.70	73.05	73.25	-0.10	5,429
Apr 99	73.85	73.25	73.55	+0.03	3,481
May 99	73.72	73.10	73.40	0unch.	4,678
Aug 99	75.10	74.65	75.00	+0.03	2,208
Sep 99	74.80	74.50	74.57	0unch.	561
Oct 99	75.35	74.95	75.07	+0.15	594

Est. sales 1,373 Thu's sales 1,775
Thu's open int 17,351, up 248

HOGS-Lean (CMER) 40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Apr 99	45.95	44.55	45.82	+0.77	17,019
Jun 99	56.10	54.75	56.07	+1.00	9,571
Jul 99	56.90	55.30	56.77	+1.20	4,045
Aug 99	57.30	56.32	57.17	+0.65	2,540
Oct 99	55.73	54.95	55.70	+0.65	4,288

Est. sales 7,041 Thu's sales 5,632
Thu's open int 44,779, up 148

PORK BELLIES (CMER) 40,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Feb 99	54.60	52.70	54.40	+0.50	344
Mar 99	54.45	52.85	54.30	+0.58	2,851
May 99	56.20	54.60	56.07	+0.77	1,529

Est. sales 1,672 Thu's sales 1,086
Thu's open int 5,417, off 241

Food

COCOA (NCSE) 10 metric tons- $ per ton

	High	Low	Latest	Chge	Opint
Mar 99	1330	1310	1316	+9	1,563
May 99	1337	1323	1328	+9	36,734
Jul 99	1360	1346	1350	+4	11,149
Sep 99	1388	1375	1378	-4	5,767
Dec 99	1417	1411	1414	+7	6,270
Mar 00	1455	1448	1448	+5	6,300

Est. sales 7,716 Thu's sales 7,457
Thu's open int 69,372, off 1,258

COFFEE C (NCSE) 37,500 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Mar 99	103.75	103.00	103.25	-0.10	2,054
May 97	105.25	104.00	104.65	0unch.	22,219
Jul 99	106.50	105.75	105.85	-0.20	3,951
Sep 99	107.85	107.20	107.50	-0.10	3,432
Dec 99	109.40	108.80	108.80	-0.10	1,671

Est. sales 4,567 Thu's sales 9,701
Thu's open int 36,867, off 972

SUGARWORLD 11 (NCSE) 112,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Mar 99	4.87	4.64	4.75	+0.07	39,880
May 99	6.54	6.25	6.42	-0.01	59,458
Jul 99	6.36	6.21	6.27	+0.01	26,960
Oct 99	6.65	6.50	6.57	+0.02	23,009

Est. sales 32,027 Thu's sales 30,281
Thu's open int 181,361, off 722

ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Mar 99	92.50	86.75	90.75	+4.50	13,046
May 99	88.50	84.75	87.05	+2.65	11,785
Jul 99	88.90	85.25	86.55	+1.65	4,453
Sep 99	89.00	86.05	86.05	+1.00	1,821

Est. sales N.A. Thu's sales 5,701
Thu's open int 32,316, up 23

Metals

GOLD (NCMX) 100 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	Opint
Feb 99	290.00	287.30	289.50	+2.40	630
Mar 99			289.00	+2.10	2
Apr 99	290.20	287.10	289.50	+2.10	102,102
Jun 99	292.00	289.30	291.40	+2.10	25,384
Aug 99			293.40	+2.20	6,870
Oct 99	296.00	294.00	295.30	+2.20	2,837
Dec 99	297.60	294.90	297.10	+2.20	12,861
Feb 00			298.30	+2.20	7,406
Apr 00			300.10	+2.20	1,120

Est. sales 27,000 Thu's sales 12,461
Thu's open int 186,925, off 184

HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Feb 99	62.35	61.60	61.70	+0.15	362
Mar 99	62.70	61.75	61.90	+0.15	32,229
Apr 99	63.05	62.35	62.35	+0.15	2,606
May 99	63.55	62.80	62.80	+0.10	12,801
Jun 97	63.20	63.20	62.90	+0.10	1,509
Jul 99	64.35	63.55	63.55	+0.10	7,415
Aug 99			63.95	+0.10	1,408
Sep 97	65.20	64.30	64.30	+0.05	4,154
Oct 99			64.65	+0.05	1,033

Est. sales 13,000 Thu's sales 14,366
Thu's open int 73,842, up 2,512

SILVER (NCMX) 5,000 troy oz.- cents per troy oz.

	High	Low	Latest	Chge	Opint
Feb 99			559.7	+12.0	19
Mar 99	561.5	549.5	560.0	+12.0	47,458
Apr 99			561.7	+12.0	
May 99	563.0	550.0	562.3	+12.0	20,902
Jul 99	561.0	550.0	560.5	+12.7	12,360
Sep 99	557.0	551.0	556.5	+10.7	4,214
Dec 99	554.0	546.0	553.5	+10.7	7,580
Jan 00	553.9	550.8	553.9	+10.7	9

Est. sales 33,000 Thu's sales 17,619
Thu's open int 98,527, up 1,862

PLATINUM (NMER) 50 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	Opint
Apr 99	385.00	373.80	376.10	0unch.	12,235
Jul 99	383.30	372.00	374.60	-1.50	1,920
Oct 99	385.00	374.60	374.60	-3.50	1,088
Jan 00			376.60	-3.50	4

Est. sales N.A. Thu's sales 3,295
Thu's open int 15,307, up 1,973

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1173.00	1174.00	1167.00	1168.00
Forward	1197.00	1198.00	1192.00	1193.00
Copper Cathodes (High Grade)				
Spot	1377.00	1378.00	1370.00	1371.00
Forward	1403.00	1404.00	1398.00	1399.00
Lead				
Spot	523.00	524.00	527.00	528.00
Forward	525.00	526.00	529½	530.00
Nickel				
Spot	4730.00	4740.00	4585.00	4595.00
Forward	4800.00	4805.00	4655.00	4660.00
Tin				
Spot	5340.00	5350.00	5335.00	5345.00
Forward	5275.00	5280.00	5265.00	5270.00
Zinc (Special High Grade)				
Spot	1045.00	1046.00	1044½	1045½
Forward	1055.00	1056.00	1056.00	1057.00

Financial

US T BILLS (CMER) $1 million- pts of 100 pct.

	High	Low	Close	Chge	Opint
Mar 99	95.64	95.61	95.61	-0.02	2,400
Jun 99			95.69	0unch.	708

Est. sales 134 Thu's sales 43
Thu's open int 3,188, up 25

2 YR TREASURY (CBOT) $200,000 prin- pts & 64ths of 100 pct

	High	Low	Close	Chge	Opint
Mar 99	111-25	111-06	111-16	-06	245,084
Jun 99	112-08	111-59	112-06	-05	29,906
Sep 99			112-06	-05	5

Est. sales N.A. Thu's sales 57,573
Thu's open int 275,075, up 5,066

10 YR TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct

	High	Low	Close	Chge	Opint
Mar 99	116-09	115-24	115-31	-06	470,255
Jun 99	116-12	115-29	116-04	-06	98,574
Sep 99			115-19	-06	745

Est. sales N.A. Thu's sales 161,078
Thu's open int 569,574, up 5,732

US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)

	High	Low	Close	Chge	Opint
Mar 99	123-26	122-29	123-10	-05	597,068
Jun 99	123-11	122-15	122-28	-05	252,947
Sep 99	122-15	122-05	122-15	-04	8,327
Dec 99			121-27	-05	3,299

Est. sales N.A. Thu's sales 472,519
Thu's open int 861,641, up 11,741

LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct

	High	Low	Close	Chge	Opint
Mar 99	117.32	116.72	117.27	+0.29	90,258
Jun 99	118.25	117.77	118.27	+0.27	7,795

Est. sales: 33,565. Prev. sales: 47,808
Prev. open int.: 98,053 up 2,000

10-YEAR FRENCH GOV. BONDS (MATIF) euro100,000 - pts of 100 pct

	High	Low	Close	Chge	Opint
Mar 99	111.52	110.82	111.14	+ 0.10	92,305
Jun 99	N.T.	N.T.	95.77	+ 0.10	1,938

Est. sales: 32,062
Open int.: 94,243 up 1,251

ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Mar 99	N.A.	N.A.	113.61	+ 0.25	44,570

Est. sales: N.A. Prev. sales: 8,278
Prev. open int.: 44,570 up 1,052

LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.

	High	Low	Latest	Chge	Opint
Mar 99	95.03	95.02	95.03	+0.01	5,870
Apr 99			95.05	0unch.	2,909
May 99	95.04	95.03	95.04	0unch.	2,358

Est. sales 1,549 Thu's sales 1,390
Thu's open int 12,174 off 9,957

EURODOLLARS (CMER) $1 million-pts of 100 pct.

	High	Low	Latest	Chge	Opint
Mar 99	94.98	94.98	94.98	0unch.	443,908
Apr 99	94.96	94.96	94.96	0unch.	4,262
May 99	94.94	94.94	94.94	-0.01	1,501
Jun 99	94.94	94.91	94.92	-0.01	455,727
Jul 99			94.89	0unch.	393
Aug 99			94.88	-0.01	50
Sep 99	94.87	94.84	94.85	-0.01	431,799
Dec 99	94.54	94.50	94.52	-0.01	284,797
Mar 00	94.68	94.64	94.65	-0.02	269,715
Jun 00	94.62	94.59	94.59	-0.02	170,277
Sep 00	94.56	94.53	94.54	-0.02	136,258
Dec 00	94.45	94.42	94.42	-0.02	119,042

Est. sales 281,917 Thu's sales 299,738
Thu's open int 3,083,994, up 19,763

BRITISH POUND (CMER) 62,500 pounds, $ per pound

	High	Low	Latest	Chge	Opint
Mar 99	1.6352	1.6196	1.6208	-.0128	54,548
Jun 99	1.6310	1.6198	1.6200	-.0140	1,931
Sep 99			1.6202	-.0140	230

Est. sales 7,865 Thu's sales 3,634
Thu's open int 56,739, up 110

CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr

	High	Low	Latest	Chge	Opint
Mar 99	.6728	.6700	.6715	-0.0006	73,625
Jun 99	.6730	.6702	.6720	-0.0006	4,421
Sep 99	.6730	.6708	.6724	-0.0006	1,092

Est. sales 5,549 Thu's sales 9,099
Thu's open int 80,705, up 5,157

GERMAN MARK (CMER) 125,000 marks, $ per mark

	High	Low	Latest	Chge	Opint
Mar 99	.5740	.5669	.5663	-0.0072	59,237
Jun 99	.5746	.5689	.5691	-0.0072	1,476
Sep 99			.5721	-0.0072	167

Est. sales 21,179 Thu's sales 7,207
Thu's open int 61,146, up 1,098

JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen

	High	Low	Latest	Chge	Opint
Mar 99	.8396	.8277	.8282	-0.0089	80,861
Jun 99	.8482	.8378	.8382	-0.0090	5,764
Sep 99	.8550	.8486	.8486	-0.0091	1,555

Est. sales 25,846 Thu's sales 34,240
Thu's open int 88,445, up 12,065

SWISS FRANC (CMER) 125,000 francs, $ per franc

	High	Low	Latest	Chge	Opint
Mar 99	.7024	.6912	.6928	-0.0094	56,281
Jun 99	.7105	.6987	.6992	-0.0095	517
Sep 99			.7058	-0.0095	249

Est. sales 18,935 Thu's sales 11,562
Thu's open int 57,053, up 559

MEXICAN PESO (CMER) 500,000 pesos, $ per peso

	High	Low	Latest	Chge	Opint
Mar 99	.09960	.09890	.09915	-.00010	11,824
Jun 99	.09415	.09337	.09365	-.00035	6,441
Sep 99	.08930	.08915	.08915	-.00025	676

Est. sales 2,327 Thu's sales 2,753
Thu's open int 19,240, off 389

3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct

	High	Low	Latest	Chge	Opint
Mar 99	94.690	94.670	94.680	Unch.	187,955
Jun 99	94.940	94.900	94.930	Unch.	191,290
Sep 99	95.030	94.990	95.030	+0.005	188,677
Dec 99	94.810	94.770	94.810	Unch.	143,555
Mar 00	94.980	94.910	94.975	+0.005	132,171
Jun 00	94.950	94.908	94.940	—0.005	115,656
Sep 00	94.880	94.830	94.880	Unch.	72,335
Dec 00	94.750	94.740	94.760	—0.005	47,676

Est. sales: 75,104. Prev. sales: 146,216
Prev. open int.: 1,304,411 off 7,410

3-MONTH EURIBOR (LIFFE) euro 1 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Mar 99	96.985	96.960	96.985	+0.005	140,921
Jun 99	97.115	97.065	99.105	+0.020	134,772
Sep 99	97.140	97.100	97.125	+0.020	93,773
Dec 99	96.870	96.830	96.865	+0.015	88,003
Mar 00	97.050	97.000	97.045	+0.020	62,238
Jun 00	96.950	96.910	96.940	+0.020	59,171
Sep 00	96.825	96.815	96.820	+0.015	47,821
Dec 00	96.650	96.610	96.640	+0.015	19,859

Est. sales: 88,459. Prev. sales: 171,612
Prev. open int.: 683,081 up 8,902

3-MONTH EURIBOR (MATIF) euro 1 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Mar 99	96.98	96.94	96.97	—0.01	37,986
Jun 99	97.10	97.07	97.09	+ 0.01	23,036
Sep 99	97.13	97.09	97.13	+ 0.01	19,082
Dec 99	96.86	96.84	96.86	+ 0.00	14,872

Est. sales: 12,617
Open int.: 115,493 up 909

3-MONTH EURO LIBOR (LIFFE) euro 1 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Mar 99	96.980	96.970	96.985	+0.005	118,810
Jun 99	97.100	97.080	97.105	+0.020	107,020
Sep 99	97.140	97.125	97.135	+0.020	94,871
Dec 97	96.860	96.850	96.865	+0.015	87,199
Mar 00	97.025	97.015	97.045	+0.020	85,111
Jun 00	96.930	96.925	96.940	+0.020	64,069
Sep 00	96.825	96.825	96.830	+0.015	42,429
Dec 00	96.625	96.625	96.640	+0.015	16,244
Mar 01	N.T.	N.T.	96.575	+0.015	15,044
Jun 01	96.450	96.450	96.470	+0.015	10,443

Est. sales: 3,977. Prev. sales: 5,488
Prev. open int.: 656,812 up 1,266

3-MONTH SWISS FRANC (LIFFE) SF 1 million - pts of 100 pct

	High	Low	Latest	Chge	Opint
Mar 99	98.700	98.660	98.690	Unch.	83,720
Jun 99	98.590	98.560	98.590	Unch.	47,828
Sep 99	98.470	98.450	98.470	Unch.	35,413

Est. sales: 13,628. Prev. sales: 19,851
Prev. open int.: 219,238 off 913

Industrials

COTTON 2 (NCTN) 50,000 lbs.- cents per lb.

	High	Low	Latest	Chge	Opint
Mar 99	61.19	58.35	60.09	+1.90	9,942
May 99	58.60	56.91	57.43	-0.31	30,599
Jul 99	58.90	57.40	57.68	-0.49	15,560
Oct 99	59.60	58.75	58.75	-0.23	1,667
Dec 99	60.15	59.15	59.76	+0.20	15,389

Est. sales N.A. Thu's sales 11,744
Thu's open int 75,859, off 129

HEATING OIL (NMER) 42,000 gal, cents per gal

	High	Low	Latest	Chge	Opint
Mar 99	31.15	30.30	30.34	-0.64	35,326
Apr 99	31.70	30.90	30.96	-0.60	30,723
May 97	32.35	31.56	31.56	-0.60	15,504
Jun 97	33.00	32.14	32.16	-0.60	15,321
Jul 99	33.60	32.91	32.91	-0.65	12,505
Aug 99	34.45	33.76	33.76	-0.65	10,300
Sep 97	35.50	34.71	34.71	-0.65	5,709

Est. sales N.A. Thu's sales 46,462
Thu's open int 166,209, up 1,546

LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.

	High	Low	Latest	Chge	Opint
Mar 99	12.05	11.73	11.76	-0.28	39,638
Apr 99	12.19	11.88	11.90	-0.27	118,499
May 97	12.30	12.01	12.02	-0.27	63,792
Jun 97	12.42	12.15	12.15	-0.27	43,483
Jul 99	12.58	12.27	12.28	-0.27	23,202
Aug 99	12.71	12.39	12.41	-0.27	19,495

Est. sales N.A. Thu's sales 160,310
Thu's open int 542,936, off 8,337

NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu

	High	Low	Latest	Chge	Opint
Mar 99	1.760	1.735	1.740	-0.006	47,977
Apr 99	1.788	1.750	1.765	-0.002	41,892
May 99	1.820	1.790	1.800	-0.006	17,362
Jun 99	1.850	1.820	1.825	-0.013	14,743
Jul 99	1.880	1.855	1.860	-0.010	15,718
Aug 99	1.910	1.890	1.890	-0.010	12,409

Est. sales N.A. Thu's sales 87,218
Thu's open int 280,844, up 7,050

UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal

	High	Low	Latest	Chge	Opint
Mar 99	34.90	33.95	34.09	-0.33	28,990
Apr 99	37.85	36.95	36.99	-0.43	28,938
May 99	38.95	38.05	38.14	-0.41	18,814
Jun 99	39.65	38.90	39.06	-0.36	16,314
Jul 99	40.50	39.73	39.73	-0.34	15,899
Aug 99	40.70	40.73	40.15	-0.34	2,450
Sep 99	40.50	40.28	40.28	-0.39	3,486
Oct 99	39.90	39.53	39.53	-0.39	2,346

Est. sales N.A. Thu's sales 56,871
Thu's open int 121,977, up 7,261

GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons

	High	Low	Latest	Chge	Opint
Mar 99	96.00	94.50	95.75	+2.75	35,741
Apr 99	96.25	94.75	96.00	+2.50	20,496
May 99	97.25	96.25	97.25	+2.50	11,927
Jun 99	99.25	98.25	99.00	+1.75	10,666

Est. sales: 21,000. Prev. sales: 19,693
Prev. open int.: 129,435 off 432

BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels

	High	Low	Latest	Chge	Opint
Apr 99	10.64	10.36	10.40	—0.21	77,796
May 99	10.80	10.55	10.57	—0.21	44,354
Jun 99	10.96	10.75	10.75	—0.20	36,217
July 99	11.12	10.95	10.92	—0.19	13,762
Aug 99	11.30	11.11	11.09	—0.18	6,094

Est. sales: 33,000. Prev. sales: 34,582
Prev. open int.: 241,695 up 4,515

Stock Indexes

SP COMP INDEX (CMER) 250 x index

	High	Low	Latest	Chge	Opint
Mar 99	1252.00	1224.70	1239.00	+0.60	378,907
Jun 97	1262.10	1250.20	1250.20	+0.60	22,370
Sep 99	1274.00	1260.30	1274.00	+12.30	2,730

Est. sales N.A. Thu's sales 115,283
Thu's open int 407,312, up 1,399

FTSE 100 (LIFFE) £25 per index point

	High	Low	Latest	Chge	Opint
Mar 99	6080.0	5990.0	6005.0	—55.0	167,725
Jun 97	6056.0	6046.0	6041.0	—55.0	21,748
Sep 99	N.T	N.T	6084.5	—55.0	2,053

Est. sales: 26,418. Prev. sales: 34,515
Prev. open int.: 191,526 up 3,247

CAC 40 (MATIF) euro 10 per index point

	High	Low	Latest	Chge	Opint
Feb 97	4110.0	4033.0	4105.0	+72.0	113,354
Mar 99	4111.0	4026.0	4112.5	+72.0	68,526
Sep 99	N.T.	N.T.	4096.0	+71.0	19,933
Mar 00	N.T.	N.T.	4154.0	+75.0	2,590

Est. sales: 98,821
Open int.: 205,340 up 268

Commodity Indexes

	Close	Previous
Moody's	1,166.70	1,166.90
Reuters	1,429.80	1,426.00
D.J. Futures	75.320	74.624
CRB/Bridge Futures	185.99	185.65

Sources: Matif, Associated Press, Reuters, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange, Moody's.

INTEREST RATES

Friday, Feb. 19

Government Debt

	3-month	6-month	1-year	2-year	5-year	10-year
Britain	5.02	—	—	4.852	4.507	4.382
France	2.88	2.87	2.88	3.016	3.427	3.991
Germany	2.99	2.95	—	2.99	3.307	3.907
Italy	2.66	2.60	2.60	3.114	3.594	4.119
Japan	0.13	0.14	—	0.285	0.945	1.865
Spain	2.95	2.95	2.95	3.005	3.506	4.122

United States	3-month	1-year	2-year	5-year	10-year	30-year
Yield	4.55	4.69	4.94	4.98	5.07	5.38
Price	4.45	4.49	99-05	98-31	97-15	98-01

Source: Bloomberg.

Money Market Rates

	Today	Prev
United States		
Discount rate	4½	4½
Prime rate	7¾	7¾
Federal funds	4⅝	4½
90-day Cert's Deposit	4.91	4.91
180-day Com. Paper	4.79	4.79
Japan		
Discount rate	0.50	0.50
Call money	0.11	0.11
1-month interbank	0.60	0.60
3-month interbank	0.65	0.65
6-month interbank	0.67	0.67
Euro zone		
Repo rate	3.00	3.00
EONIA	3.02	3.03
Euribor 1-month	3.09	3.09
Euribor 3-month	3.08	3.08
Euribor 6-month	3.03	3.04
Euribor 12-month	3.03	3.03

	Today	Prev
Britain		
Base rate	5½	5½
Call money	5⁹⁄₁₆	5⅝
1-month interbank	5½	5⁹⁄₁₆
3-month interbank	5⁵⁄₁₆	5⅜
6-month interbank	5⁵⁄₁₆	5¼

Sources: Bank of Tokyo-Mitsubishi, Reuters.

Libor Rates

	1-month	3-month	6-month	12-month
Dollar	4.9389	5.00	5.0603	5.2488
Euro	3.0913	3.078	3.035	3.03
Sterling	5.6097	5.4369	5.3291	5.2883
Yen	0.215	0.275	0.2763	0.2972
Sw Franc	1.245	1.28	1.3383	1.4967

Source: Reuters.

Gold Fixings

	Morning	Afternoon	Change
London	287.05	286.35	+0.65

U.S. dollars per ounce.
Source: Reuters.

Forward Rates

	30-day	60-day	90-day
Pound Sterling	1.6320	1.6304	1.6295
Canadian dollar	1.4882	1.4883	1.4883
Euro	1.1206		1.1243
Japanese yen	119.40	118.97	118.45
Swiss franc	1.4271	1.4233	1.4190

Source: Associated Press.

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EUROPE

UBS Sells 25% Stake In Swiss Life

Compiled by Our Staff From Dispatches

BASEL, Switzerland — UBS AG, Europe's biggest bank, plans to sell its 25 percent stake in Swiss Life, Switzerland's No. 1 life insurer, to institutional investors as it focuses on more profitable businesses such as money management.

UBS said it expected to raise as much as 1.4 billion Swiss francs ($980 million) after tax from selling the stake, which has a market value of about 2.7 billion francs. *UBS said it may* also sell a 29.3 percent stake in Swiss National Insurance Co., which is worth about 297 million francs, although it will continue to offer its clients insurance products.

Swiss Life and UBS said they would end an alliance in effect since 1995 and now plan to cooperate on a nonexclusive basis. Swiss Life will buy UBS's 50 percent stake in an insurance joint venture, as well as its 49 percent stake in Livit, a real estate alliance.

The break-up and sale reflected the fact that the two were competing for the same business in Europe. "The reason for the decision is the growing competition between the strategies pursued by the two groups in the area of European asset gathering," the companies said.

UBS and other banks are increasingly concentrating on asset management and private banking in a bid for steadier earnings. Money management is one of the safest bets in banking because it generates fee income regardless of how markets perform.

"Businesses such as private banking are more profitable," said Jean-Marc Bianchi, who manages 85 million francs of Swiss equities at Lloyds Bank PLC in Geneva. "This suggests UBS's alliance with Swiss Life wasn't working."

UBS shares fell 3 francs to 446 on the Swiss Exchange, while Swiss Life fell 73 francs to 940. *(Bloomberg, Reuters)*

France and U.S. Split Over Currency 'Targets'

By David E. Sanger
New York Times Service

WASHINGTON — President Jacques Chirac of France, visiting Washington, openly split with the U.S. approach to stabilizing the world economy just before industrial finance leaders were to gather in Bonn to meet on the subject.

In a speech to the World Bank and the International Monetary Fund, Mr. Chirac urged that the United States, Japan and Europe manage the exchange rates of their currencies, keeping them within specific zones agreed on by the major nations to restore stability to the world economy.

That is an idea that Japan and Germany have echoed, but on the day before Mr. Chirac's speech this week, the U.S. Treasury secretary, Robert Rubin, dismissed the suggestion as unworkable and ill thought out.

Mr. Chirac's suggestion that the world's three main currencies — the dollar, yen and euro — remain within "target zones" is part of a broader agenda for a very activist approach to taking some of the risk out of the world economy.

He has also called for far greater regulation of hedge funds — huge pools of money put together by private investors — and for an early-warning system to detect crises.

"We must increase our capacity for crisis prevention," Mr. Chirac said Thursday. "We must adopt a veritable traffic code or highway code for capital flows, a code which applies to all, including hedge funds and offshore establishments."

Mr. Rubin has been cautious about each of the suggestions and openly dismissive of a few. Early warning systems, he pointed out recently, sound like a good idea, but rarely work in practice.

The IMF, Mr. Rubin has noted, has a poor record of predicting when and where a crisis will erupt, and private credit-rating organizations failed to flag the troubles that set off the crisis in Asia, Latin America and Russia that has rocked much of the world over the last 20 months.

The arguments over how to construct what Mr. Chirac called a "new financial architecture" have been building for months. The differences were likely to become evident Saturday at a meeting in Bonn of the finance ministers and central bankers of the seven largest industrial nations. The annual session is designed to set the agenda for the meeting of Group of Seven leaders later this year.

At the heart of the issue are questions of sovereignty: The United States is loath to turn over economic decision-making power to an international organization of any kind. The Clinton administration is also doubtful about the wisdom of creating a new bureaucracy to police the world economy.

British Debate Intensifies on Joining Euro Zone

By Tom Buerkle
International Herald Tribune

LONDON — Britain's debate over the single European currency intensified Friday as supporters and opponents staked out their positions ahead of the release of a government report on the euro next week.

Vauxhall Motors Ltd., the British arm of General Motors Corp., teamed up with the engineering workers union to urge the government to commit itself to early entry into the euro zone, saying the move was vital to protect foreign investment and jobs in Britain.

The opposition Conservative Party, meanwhile, criticized government plans to spend money on preparations for a referendum on joining the single currency, saying they amounted to publicly funded "pro-euro propaganda."

The government's aim was to "soften up the country to join the single currency," claimed Francis Maude, the Conservative spokesman for Treasury affairs.

The sharpening of the euro rhetoric from both sides came ahead of the expected release by the Treasury early next week of a so-called National Changeover Plan. It is expected to outline technical changes needed for Britain to adopt the euro and set a timetable for entry of two to three years after a referendum.

However, the government of Prime Minister Tony Blair was not expected to move beyond its current position of promising a referendum shortly after the next general election, which must be held by May 2002 but is widely predicted for 2001. The government also was not expected to announce any changes in economic policy that might hasten convergence with the euro zone.

As a result, the plan is likely to disappoint both sides — frustrating the hopes of euro proponents for a clear, early timetable for entry while adding to the fears of the anti-euro camp that Mr. Blair was ducking the issue of sovereignty and letting business lead the fight for the euro on the grounds of jobs.

Nick Reilly, chief executive of Vauxhall Motors, Britain's second-largest automobile producer, declared that the expected changeover plan was "not enough. We want a timetable."

Uncertainty about the future level of the pound forces Vauxhall to spend more than £10 million ($16.3 million) a year on currency transactions and hedging, most of which would be unnecessary under the euro, he said.

GLOOM: *German Growth Is Sluggish as Confidence Declines, Reports Show*

Continued from Page 1

from Western Germany, which accounts for the lion's share of commercial activity. Output in the west contracted a sharp 0.6 percent versus the third quarter, compared to a 0.9 percent expansion in the same period in Eastern Germany.

Slumping trade with the stricken economies of Asia and Latin America contributed to a 3.4 percent collapse in German exports in the quarter, according to the Bundesbank's numbers.

Adding to the gloom was the economic confidence report Friday from Munich's respected Ifo economic think tank, which reported a surprise drop in the business confidence.

The January drop in the business climate index to 91.1, from 91.4 in December, came unexpectedly to many economists and policymakers who had predicted the index would stabilize in January.

Ifo's figures are among the most closely monitored indicators on the continent. The European Central Bank mentions confidence trends in each analysis of the euro-bloc economy, often with a note of concern.

The Ifo index, which fell from last year's high of 99.2 last January, now stands at its lowest level since August 1996. A benchmark of 100 was set in 1991 for the index.

The erosion of confidence could extend beyond January. This week's costly wage settlement for the giant IG Metall trade union is expected to push industrial confidence even lower in February and March, many economists concur.

Under the threat of a strike, the metalworkers union extracted a raise of 4.2 percent over the next 14 months, prompting an outcry from industry that managers will react with job cuts.

"The decline not only points to a continued slowdown in economic activity in Germany but also indicates that it is probably too early to look for a rebound in business confidence in Europe," Ms. Bartsch said.

Those forecasting a rebound later in the year pin their hopes on strong consumer spending, strength from the robust economy in the United States, low European interest rates, and a stabilization of the Asian and emerging-markets crisis. They also say the relatively weak euro will boost European exports by making them cheaper against dollar-denominated products.

But for now, the German economy is "exceptionally sluggish," Mr. Pietsch said.

Investor's Europe

Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	AEX	517.63	512.19	+1.06
Brussels	BEL-20	3,416.38	3,382.28	+1.01
Frankfurt	DAX	4,802.38	4,845.08	-0.88
Copenhagen	Stock Market	610.35	611.77	-0.23
Helsinki	HEX General	5,873.52	5,776.95	+1.67
Oslo	OBX	522.52	525.60	-0.59
London	FTSE 100	6,031.20	6,074.90	-0.72
Madrid	Stock Exchange	875.12	867.14	+0.92
Milan	MIBTEL	23556	23103	+1.96
Paris	CAC 40	4,130.48	4,039.41	+2.25
Stockholm	SX 16	4,066.03	4,004.77	+1.53
Vienna	ATX	1,157.59	1,140.65	+1.49
Zurich	SPI	4,393.91	4,414.54	-0.47

Source: Telekurs International Herald Tribune

Very briefly:

- **Autogrill SpA,** Italy's largest fast-food restaurant chain, is reportedly close to an agreement with **Diageo PLC's Burger King** that would allow Autogrill to sell Burger King products in Italy, directly challenging its biggest competitor, **McDonald's Corp.** The company said no accord has been reached.
- **McDonald's,** meanwhile, whose restaurant on Pushkin Square in Moscow is its busiest worldwide, plans to slow its expansion in Russia because of the ruble's 70 percent plunge since August.
- **Abbey National PLC,** Britain's second-largest mortgage bank, reported a 66 percent increase in bad debt provisions for 1998. Abbey's pretax profit for 1998 rose 19 percent to £1.52 billion ($2.49 billion).
- **Jersey European Airways,** a British regional airline, is close to signing a deal for 15 new aircraft worth more than $250 million from **Bombardier Inc.** of Canada.
- **The European Union** is set to delay approval of a free trade *accord with South Africa for at least another month* following objections from Spain and other member states that a draft deal agreed to last month is too generous to Pretoria.
- **Scandinavian Airlines System** is implementing a restructuring program aimed at boosting profitability and cutting costs by 3 billion kronor ($377.6 million) in this year and next. SAS posted pretax profit for 1998 of 2.83 billion kronor, up from 2.23 billion in 1997.
- **Mannesmann AG,** Germany's No. 1 cellular phone company, said 1998 profit more than doubled, to 630 million euros ($705.9 million) from 312 million euros, on strong growth in telecommunications and an improvement in its auto parts and engineering business.
- **Danisco A/C,** a Danish food, beverage and packaging business, will buy the British packaging company **Sidlaw Group PLC** for £106.4 million to expand its packaging activities.

Bloomberg, Reuters, AFP

WORLD STOCK MARKETS

Friday, Feb. 19
Prices in local currencies;
in euros for EMU countries.
Telekurs

Amsterdam

AEX index: 517.62
Previous: 512.19
www.aex.nl

	High	Low	Close	Prev.
ABN-AMRO	18.15	17.60	18.15	17.70
Aegon	90.20	87.70	88.50	89.30
Ahold	35.45	33.90	35.15	33.20
Akzo Nobel	37.40	35.50	36.00	35.55
ASM Litho.	39.60	38.40	38.60	38.80
ASR Verz.	68.65	67.55	67.55	68.50
Baan Co.	8.75	8.30	8.75	8.30
Buhrmann	16.30	14.65	14.65	15.95
Cap Gemini	54.80	53.00	53.00	54.40
CSM cva	49.00	46.80	46.00	46.85
Dordtsche Pet	33.65	32.05	33.65	32.95
DSM	81.50	76.55	79.95	71.60
Elsevier	14.50	13.95	14.50	14.10
Fortis NL	36.60	33.20	36.60	33.55
Getronics	37.00	34.05	36.20	36.55
Hagemeyer	32.00	31.30	31.90	31.70
Heineken	49.00	47.00	47.05	48.30
Hoogovens cva	27.50	27.15	27.40	27.40
Hunt Douglas	28.25	27.45	27.45	28.05
IHC Caland	32.00	31.10	31.40	31.35
ING	48.50	47.00	48.10	48.20
KLM	24.85	24.00	24.05	24.25
KPN	43.00	41.10	42.45	41.75
Nedlloyd	10.85	10.30	10.45	10.80
Numico	39.15	38.40	38.55	38.65
Oce	24.40	23.50	24.40	24.00
Philips Elec	63.80	61.05	63.80	61.80
Randstad Hldg	48.00	45.00	45.00	47.15
Robeco	107.00	107.00	107.00	106.45
Rodamco	21.20	20.90	21.00	21.05
Rolinco	92.00	91.40	91.65	91.45
Rorento	61.00	60.45	60.90	60.75
Royal Dutch	37.90	36.25	37.75	36.95
TNT Post Group	30.25	28.60	29.00	28.85
Unilever cva	66.70	64.30	65.10	64.10
Vendex	23.20	21.30	21.40	23.20
VNU	35.45	33.90	34.20	33.85
Wessanen cva	11.90	10.80	11.00	10.85
Wolters Kl cva	162.45	158.05	158.35	160.00

	High	Low	Close	Prev.
Den Danske Bk	845	827	835	838.45
D/S Svendborg B	[illegible]	59000	61404.80	[illegible]
D/S 1912 B	[illegible]	61000	61000	61400
Kapital Hdg	330	323	324	325
Novo Nordisk B	815	793	795	797
Ratin B	1380	1365	1380	1360
Tele Danmark B	800.00	795	798	795
Unidanmark A	503	485	488.70	492

Frankfurt

DAX: 4802.38
Previous: 4845.08
www.exchange.de

	High	Low	Close	Prev.
AMB R	122.00	120.00	122.00	122.00
Adidas	87.00	85.05	85.40	87.10
Allianz	280.50	267.00	270.00	276.00
Altana	62.50	60.10	61.40	60.00
Audi	825.00	810.00	820.00	820.00
Axa Colonia	86.00	85.00	85.50	83.20
Bk Berlin	13.35	12.55	12.75	12.15
BASF	30.60	30.01	30.05	30.35
Bayer	30.65	29.00	30.00	30.50
Bay Hyp Verbk	56.00	51.70	52.20	54.80
Beiersdorf	68.00	67.00	67.20	68.00
Bewag	20.85	20.70	20.80	20.70
BHW Holding	15.05	15.00	15.00	15.00
BMW	708.00	690.00	699.00	704.00
Commerzbank	25.40	24.40	24.60	24.80
DaimlerChrysler	86.40	85.00	85.10	85.44
Degussa-Huels	33.60	31.00	31.50	33.40
Deutsche Bank	48.75	46.90	47.10	48.15
Deut Telekom	39.30	38.00	38.70	37.70
Dresdner Bank	33.00	30.80	31.20	32.30
Energie BW	38.00	38.00	38.00	38.00
Ergo Vers.	124.00	122.00	124.00	124.00
Fresenius	143.00	140.00	141.00	143.00
Fresenius Med	57.50	54.50	55.00	58.00
Fr. Krupp Hoes	128.50	126.00	128.00	126.50
Gehe	53.20	51.50	51.50	51.00
Heidelbg Zmt	61.00	59.50	60.50	61.00
Henkel pfd	73.50	71.60	71.70	71.10
Hoechst	40.70	39.91	39.91	40.50
Karstadt	351.00	344.00	345.00	343.40
Lahmeyer	44.50	44.45	44.47	44.45
Linde	483.00	470.00	475.00	478.00
Lufthansa R	19.15	18.70	18.70	18.90
MAN	247.00	241.00	243.00	243.50
Mannesmann	121.40	114.80	119.55	117.00

NASDAQ

Friday's 4 P.M.
The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMEX

Friday's 4 P.M. Close
The 150 most traded stocks of the day, up to the closing on Wall Street.
The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NYSE

Friday's 4 P.M. Close
The 2,500 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 14

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Royal Dutch To Sell Joint Japan Stakes

Bloomberg News

SINGAPORE — Royal Dutch/Shell Group said Friday that it would sell its stakes in two chemical joint ventures in Japan with Mitsubishi Chemical Corp. and JSR Corp. because of poorer-than-expected performance.

The Anglo-Dutch oil group will sell its stake in an equally owned epoxy resin business with Mitsubishi and a thermoplastic rubber plant equally owned with JSR. The company also formed a team of executives to identify other assets for sale.

The sales are part of a broader plan by Shell unveiled in December to sell 40 percent of the company's chemical assets, focusing on major bulk petrochemicals closely related to oil production. The company, which posted a 53 percent fall in fourth-quarter profit, is attempting to revive profit in the chemical business, which lost money in the quarter.

"On a global basis, our plants' profitability is not as high as our top managers would like it to be," said Hiroyasu Watanabe, managing director of the petrochemicals unit of Shell Japan Ltd. in Tokyo.

Shell did not disclose the value of the assets for sale. Traders said the cuts in Japan, where Shell has several chemical plants producing a broad range of products, were unexpected.

A plunge in oil prices to near 12-year lows has exacerbated Shell's profit decline and put pressure on managers to cut costs across the company faster.

Mitsubishi Chemicals lost $37 million in the fourth quarter, compared with a profit of $202 million the previous year, as prices for products such as polypropylene fell and global industry capacity increased. The unit also took a $1.17 billion charge related to asset sales and cost-cutting.

In December, Shell said it would find a partner for its Montell polyolefins business in the Netherlands. Polyolefins are used mostly in the manufacture of plastics.

Shell said its global sale of chemicals businesses will include its PET, epoxy resins, polystyrene and polyurethane foams. It will also sell its PVC and general-purpose rubber businesses.

■ Pipeline Contract Signed

General Electric Co. of the United States and Bechtel Group said they had signed a contract to lead development of a $2.5 billion pipeline to export natural gas from Turkmenistan to Turkey, Bloomberg News reported from Ashgabat, Turkmenistan.

The agreement, signed by the government of Turkmenistan, culminates a yearlong study by the government into who should sponsor efforts to break the nation's dependency on Russia's OAO Gazprom to export gas. Oil companies including Shell, BP Amoco Corp. and Enron Corp., which also studied work on the pipeline, were not included in the chosen consortium.

Japan's Budget Raises Fears About Debt Load

Compiled by Our Staff From Dispatches

TOKYO — The lower house of Parliament approved on Friday a budget that sharply increases public works spending and tax cuts to spur the stalled economy.

The budget for fiscal 1999, which starts April 1, totals 81.86 trillion yen ($15.5 billion), a 5.4 percent increase from the previous year. Public works spending will rise 10.5 percent.

"I'm relieved," Prime Minister Keizo Obuchi said after the budget was passed. "I feel as if I have gone over a big hill."

But Banri Kaieda, a legislator with the opposition Democratic Party, said he was skeptical the budget would revive the economy. He told the lower house that the budget was larded with old-fashioned road-and-bridge spending that would make Japan's deficit the worst of the G7 nations.

Concerns over the flood of debt Japan will need to pay for a stimulus package have battered the bond market, pushing benchmark government bond yields to a recent high of 2.44 percent from October's record low of 0.7 percent.

The government plans to float a record 71.1 trillion yen in bonds next year, including 31.1 trillion yen in freshly issued bonds that are not a rolling over of maturing debt. Bonds will cover 37.9 percent of the budget's revenue, and the government deficit will reach 9.2 percent of gross domestic product.

Mr. Obuchi has said he does not plan a supplementary budget to maintain the stimulus, but many economists believe one will be necessary to produce economic growth.

Two ruling coalition members, Yoshin Suzuki, a top Liberal Party official, and Yasuhisa Shiozaki of the Liberal Democratic Party, have told Reuters they expect the government to craft an extra budget.

The budget contains three tax-reduction draft bills — one that will cut income and corporate tax rates, one that provides relief for making housing loan payments, and another that would remove tax on securities transactions.

Some analysts said the budget failed to require the genuine changes needed to cure Japan's economic ills.

"It doesn't address any of the structural problems in the economy — in fact it does exactly the opposite," said Ron Bevacqua, an economist at Merrill Lynch in Tokyo. "It allows them to support the economy and avoid structural change."

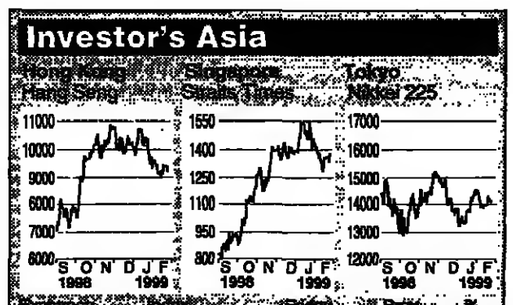
Japan's cumulative national debt is already larger than its gross domestic product.

Speaking in Tokyo last month, the managing director of Moody's Investor Services Inc., Vincent Truglia, warned that public-sector debt could approach 110 percent of gross domestic product by the end of March, and would likely grow to 140 percent in 2 to 3 years.

"The high debt-to-GDP ratin like this has never been witnessed before in any industrialized country," he said.

(Bridge News, AP, Reuters)

Investor's Asia



Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	9,254.12	9,402.39	-1.58
Singapore	Straits Times	[illegible]	1,935.01	+2.04
Sydney	All Ordinaries	2,921.30	2,882.60	+1.45
Tokyo	Nikkei 225	14,108.84	14,146.79	-0.34
Kuala Lumpur	Composite	586.29	586.29	-0.16
Bangkok	SET	336.47	336.47	+0.03
Seoul	Composite Index	522.18	536.41	-2.65
Taipei	Stock Market Index	Closed	5,796.00	-
Manila	PSE	1,926.69	1,927.45	-0.04
Jakarta	Composite Index	404.02	408.41	+0.15
Wellington	NZSE 40	2,224.94	2,177.49	+2.64
Bombay	Sensitive Index	3,354.92	3,351.05	+0.12

Source: Telekurs — International Herald Tribune

BONDS: *Suddenly, Everyone in Japan Is Scrutinizing the Market as Prices Fall*

Continued from Page 9

potentially increase inflation by circulating more yen in relation to the goods and services available for purchase. But some economists argue that some inflation might encourage consumers to spend more to avoid rising prices.

Creating a fresh supply of yen would also push down the value of the currency, an idea that is gaining more acceptance because a weaker yen helps by making exports more competitive abroad. Eisuke Sakakibara, the deputy finance minister nicknamed "Mr. Yen" for his influence on the currency, has reversed his position and said he would tolerate a weaker currency.

The yen traded Friday at 119.85 to the dollar in Tokyo, down from 114 yen a week ago. Likewise, long-term bond yields ended Friday at 1.865 percent, the lowest in nearly three weeks.

The unwanted bonds have become the latest symbol of Japan's economic weakness. Japan's swelling debt and deficit have unsettled investors, who fear that as the government looks for ways to pay for its giant economic stimulus packages, there will be too many bonds and not enough buyers, and no one wants to get stuck with cheap bonds.

In the last four months, as bond prices have fallen, the yields on long-term Japanese bonds have tripled, to 2.4 percent earlier this month. That seems low compared with rates in the United States, but they are nonetheless getting high enough here to choke off a recovery.

On Tuesday, Finance Minister Kiichi Miyazawa said that the government would resume buying some Japanese bonds on the market until the end of March, and that has slightly cheered investors. In December, Mr. Miyazawa said the ministry, the largest single buyer in the market, would curb such purchases, and his remarks led investors to dump bonds, sending the yields soaring.

BOSTON: *Brazilian Crisis Puts Pressure on Bank and Spurs Talk of a Takeover*

Continued from Page 9

much time the bank has to convince analysts and investors that its stock has been unfairly beaten up.

Brazil, where the bank has $6 billion in financial exposure, most of it in the form of local lending, is still struggling with its crisis. And there are worries that Brazil's troubles could spill over into Argentina, where BankBoston has $9 billion in exposure.

While other U.S. banks face losses in Latin America, BankBoston is particularly vulnerable because its smaller size would give it less padding to absorb a full-blown recession in the region.

"They've got this cloud hanging over them because of Latin America, and they need to have that cloud dissipate," said Gerard Cassidy, an analyst with Tucker Anthony, Inc. "It will dissipate, but the question is when?"

As home to Latin America's biggest economy, Brazil was a prized destination for banks looking to find new ways to fill their coffers. BankBoston expanded aggressively there in the last year and is now the fourth-largest foreign bank in the country.

But Brazil looked less attractive after Russia devalued its currency and declared a debt moratorium last August. Brazil was quickly sized up as the next victim.

Brazil spent several months defending its currency and arranging for emergency funds before it too was forced to devalue its currency last month. It is now scrambling to avoid a complete economic collapse, and BankBoston has a front-row seat from which to view the struggle.

BankBoston's senior executives are confident, however, that Brazil's faltering economy will not drag BankBoston down with it.

Indeed, they argue, Brazilians have traditionally sought to stash their savings in havens like BankBoston when times are tough, meaning that the bank could actually profit from the turmoil.

Many analysts share the view that BankBoston is well provisioned as well as well positioned to successfully negotiate Brazil's challenges.

"BankBoston has the skill to remain successful despite the ongoing crisis situation in Latin America," a Lehman Brothers analyst, Diane Glossman, noted in a recent report.

But clearly the market is worried. In just seven months, BankBoston's stock has tumbled from a high of $59.0625, shearing about $6 billion from the company's market value. In late trading Friday, the stock was at $39.3125, up $1.25 and ahead of a 52-week low of $25.75 in October.

Last year, BankBoston earned $792 million on revenue of $4.4 billion compared with $879 million on revenue of $4 billion in 1997. Less than 20 percent of its profit came from its Latin American operation; the bulk of the bank's profit, about 67 percent, came from its corporate banking and regional banking businesses.

With BankBoston's stock price low and investor expectations high, the bank may not have as much time as it would like to ride out problems that may only be temporary. That is why analysts and investment bankers see the company as vulnerable to a takeover bid.

Among the companies seen as possible bidders for BankBoston are Fleet Financial Group Inc., First Union Corp., Mellon Bank Corp. and Chase Manhattan Corp.

Should a move by Citigroup Inc. to meld banking and insurance operations ultimately pass muster with regulators, some investment bankers speculate that BankBoston may end up being acquired by the John Hancock Mutual Life Insurance Co.

Very briefly:

• **Solomon Lew**, a major shareholder in **Coles Myer Ltd.** and its former chairman, sold his shares in Australia's biggest retailer, earning more than 700 million Australian dollars ($444 million).

• **Kirin Brewery Co.** profit rose 6 percent in the year ended Dec. 31, the first rise in four years for Japan's largest beer maker, based on cost reductions and strong sales of its low-malt brew Tanrei.

• **Toshiba Corp.**, Japan's No. 2 microchip maker, lowered its full-year sales forecast for the year ending March 31 by 2 percent because of the stronger yen and lower corporate spending on computers.

• **Casio Computer Co.**, one of the world's largest makers of digital watches and calculators, said it expected to report a net loss of 4 billion yen ($33.42 billion) for the year through March, compared with an earlier forecast of a profit of 7.5 billion yen, due to the strong yen, weak demand and its bailout of a troubled unit.

• **Thailand's** January trade surplus of $660 million was the lowest in 15 months, falling one-third from December as the value of exports fell on lower commodity prices and Asian recession. *Bloomberg*

RELIGIOUS SERVICES

AMSTERDAM

CROSSROADS INTERNATIONAL CHURCH Interdenominational & Evangelical Sunday Service 10:00 a.m. & 11.30 a.m. / Kids Welcome. Decosterstraat 3, S. Amsterdam Info. 020-641 8812 or 020-6451 653

BERLIN

BERLIN Int'l Church (Evangelical) Sunday services: 10:30 am, Hotel Mondial, Kurfurstendamm 47. Pastor H. Passonen. Tel. +49 (0)30-34 70 91 76, www.berlin-church.org

FRANKFURT

St Leonhard, International Catholic Parish, Alte Mainzer Gasse 8, 60311 (near Romer). Masses in English: Saturday 5p.m., Sunday: 10 a.m. Tel/Fax 069-283177 or J. Schad@em.frankfurt-ural.de

PARIS and SUBURBS

EMMANUEL BAPTIST CHURCH 56, rue des Bons-Raisins, 92500 Rueil-Malmaison. Services: 9:45 a.m. & 11 a.m. with Sunday School. For info Tel: 01 47 51 29 03/01 47 49 15 29 or: http://www.geocities.com/Paris/metro/1252. International Baptist Fellowship meeting at 48 rue de Lille, Paris 7th. 19:30 Sundays. Call above for info.

SAINT JOSEPH'S CHURCH (Roman Catholic), MASS IN ENGLISH. Sat. 11:00 a.m., 6:30 p.m.; Sun. 9:45&11: a.m., 12:15 & 6:30 p.m., Mon-Fri. 8:00 a.m.; 50 ave Hoche, Paris 8th. Tel: 01 42 27 26 56. Metro: Charles de Gaulle - Etoile

HOPE INTERNATIONAL CHURCH Hotel Orion at Paris La Defense, 9 Bd de Neuilly. Worship Sundays 10:00 a.m. Rev Frederic Haxey, Pastor. T: 01 43 33 04 06 Metro 1 to La Defense Esplanade

CANNES

HOLY TRINITY, rue du Canada (behind the Casino). 10:30 every Sunday. Tel: 04 93 94 54 61. Chaplain: Ian Bentley

THE EPISCOPAL CHURCHES OF EUROPE (Anglican)

PARIS

THE AMERICAN CATHEDRAL OF THE HOLY TRINITY, Sun. 9 & 11, in Chinese 3 p.m; en francais sam. 18h00; 23 av George V, 75008 Paris. Tel 33 01 53 23 84 00 Metro George V or Alma Marceau

CLERMONT-FD (FRANCE)

CHRIST CHURCH (ROYAT) 1st & 3rd Sun. 5 p.m. ave Dr Jean-Heitz, (Temple Reformee) 33 04 73 38 41 59

FLORENCE

ST JAMES' CHURCH, Sun. 9 & 11 a.m.; in Italian Thu 9 p.m. Via B Rucellai 9, 50123 Florence, Italy Tl 39 055 294 417

ROME

ST PAUL'S WITHIN THE WALLS, Sun. Eucharist 8:30 & 10:30 a.m., Eucharist in Spanish 1 pm. Via Napoli 58, 00184. Tel: 39 06 488 3339 or 474 3569

KARLSRUHE (GERMANY)

ANGLICAN EPISCOPAL COMMUNITY 1st and 3rd Sunday 5 p.m. in chapel of Luisenheim, Kochstr 2-4. Tel: 49 (0) 721 293 78 or 49 (0) 721 49 15 99

BRUCKMUEHL (GERMANY)

ANGLICAN-EPISCOPAL COMMUNITY, meets at Ev. Lutheran Johanneskirche, 1st Sun. 11 except August, Adalbert-Stifter-Str 2, 83052. Tel: 49 (0) 80245415

MUNICH

CHURCH OF THE ASCENSION, Sun. Eucharist 9 & 11.45 am (Sun School/Nursery) Seybothstr 4, 81545 Munich (Harlaching). Tel: 49 (0) 89646185

FRANKFURT

CHRIST THE KING Eucharist Sun 9 &11 Sunday School/ Nursery 10:45 Sebastian Ranz Str 22 60323 Frankfurt, Ger. Un,2,3 Miquel-Allee, Tel: 49 (0) 69550164

WIESBADEN

ST AUGUSTINE OF CANTERBURY Sun. 10 a.m., Frankfurter Str. 3, 65189 Wiesbaden. Tel: 49 (0) 611306674

GENEVA

EMMANUEL CHURCH 1st & 3rd Sun 10 a.m. Eucharist; 2nd & 4th Sun Morning Prayer. 3 rue de Monthoux, 1201 Geneva, Switzerland. Tel: 41 (0) 22 732 80 78.

BRUSSELS/WATERLOO

ALL SAINTS' CHURCH, Sun. 11:15 am. (Sun. School), 1st Sun. 8am., 563 Chaussee de Louvain, Chain. Cr. St. r Coisau, 1410 Waterloo. Tel: 32 (0) 2 384 3558

DARMSTADT (GERMANY)

ANGLICAN EPISCOPAL CHURCH, 2nd & 4th Sun, 4 p.m. in Gemeindehaus, Dreifaltigkeitskirche, Darmstadt-Eberstadt. Tel: 49 (0) 6151.148794

INGOLSTADT (GERMANY)

ANGLICAN EPISCOPAL CHURCH, 4th Sun, 6 p.m. in Dreikonigskirche, Baar-Ebenhausen. Tel: 49 (0) 8421.4125

EUROPEAN BAPTIST CONVENTION

BERLIN

I.B.C. BERLIN. Rothenburg Str 13, (Steglitz). Sunday Bible Study 10:45 , worship Service 12 noon. Charles Warford Pastour. Tel: 030-774-4670

BRATISLAVA - SLOVAKIA

I.B.C., The Iwanta, Karlowska 64, Auditorium 104B. Worship Sun 10:00 Tel: (07) 715957

BREMEN

I.B.C., Hohenlohestr. Hermann-Bose-Str Worship Sun. 17:00, Pastor telephone: 0421-78648

BUCHAREST

I.B.C., St Xenopol nr. 2. This is next to Gradina Icoanei 11:45-13:15 Tel: Pastor Bill Bowen: Tel 330-0273/321-3472

BUDAPEST

I.B.C., meets at Moricz Zsigmond Gimnazium. Torokvesz ut 48-54, Sun. 10:00 Tel: 246-1813

BULGARIA

I.B.C., World Trade Center 36, Drahan Tzankov Blvd. Bible Study 10-Worship 11 James Dale Pastor. Tel: 971 - 2192

DARMSTADT - GERMANY

I.B.C., Wilhelm-Leuschner Str 104, Darmstadt-Griesheim, Bible Study Sun. 16:00. Tel: (0611) 941-0505

FRANKFURT

INTERNATIONAL CHRISTIAN FELLOSHIP, Ev.-Freikirchliche Gemeinde, Sodenerstr. 11-13, 65150 Bad Homburg. Sunday Worship, Nursery & SS: 11:30 am. Mid-week activities, Pastor M. Lewy. Call/Fax: 06173-62726

HOLLAND

TRINITY INTERNATIONAL invites you to a Christ centered fellowship. Services 9:00 and 10:30 a.m. Bloemenplaan 54, Wassenaar 070-517-8024

NICE - FRANCE

I.B.C., 13 rue Vernier, English service, Sunday evening 18:30, pastor Roy Miller - Tel: (04 93) 24 92 61

ST PAUL DE VENCE - FRANCE

St Paul de Vence-France I.B.C Espace St Claire Level "0" Bible Study Sun 9:30 Worship Sun 10:45Tel 04 93 24 92 61

PRAGUE

I.B. FELLOWSHIP, Vinohradska # 68, Prague 3. Sun. 11.00 Tel: (02) 311 7974

ZURICH - SWITZERLAND

I.B.C. of Zurich, Gheistrasse 31, 8803 Ruschlikon. Worship Services Sunday mornings 10:30 Tel: 1-4810016

SUMMER CONFERENCE

FAMILY-WIDE SUMMER ASSEMBLY in Interlaken Switzerland July 3-8. Speakers: Philip Yancey & Denton Lotz. Tel: 49.611.941.0505, abc@compuserve.com

ASSOCIATION OF INT'L CHURCHES

GENEVA

EV. LUTHERAN CHURCH 20 rue Verdaine, Sunday worship 9:30 in German 11:00 in English. Tel: (022) 310.50.89

PARIS

AMERICAN CHURCH IN PARIS Worship 11:00 a.m. 65 Quai d'Orsay, Paris 7th, Bus 63 at door, Metro Alma-Marceau or Invalides

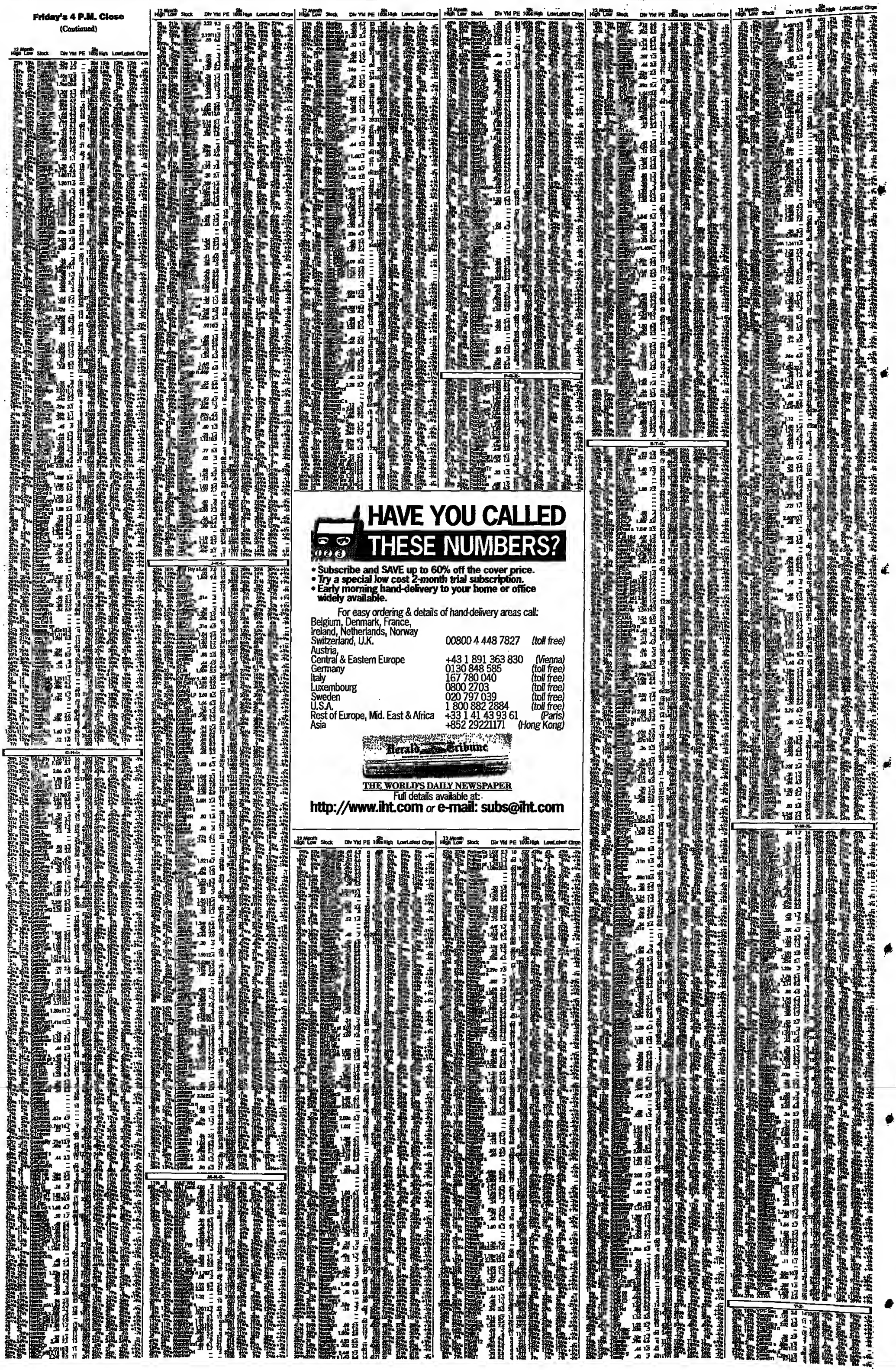
ZURICH

INTERNATIONAL Protestant Church English speaking, worship service, Sunday School & Nursery, Sundays 11:30am Schanzengasse 25. Tel: (01) 2625625

NYSE

Friday's 4 P.M. Close

(Continued)



Herald International Tribune

MONEY

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MONDAY: SPORTS

E-mail address: moneyrep@iht.com

Website: www.iht.com/IHT/MONEY

A Sure Thing for Investors in Cyclical Airline Stocks: Turbulence

An Unforgiving Industry Means 'Shares Aren't 'Buy-and-Hold'

By Andrew Blum

IS THIS ANY way to run an airline?" That advertising slogan for National Airlines — including the airline's jaunty reply, "You bet it is!" — became a catch phrase across the United States in the 1960s, capturing the glamour and optimism that characterized the fledgling air-travel industry.

Today, National Airlines is no more, felled by the forces of consolidation that have claimed People Express, Braniff, Eastern, Pan Am and dozens of other lesser-known airlines, and threaten to swallow up America West, which was in talks with United as this issue went to press.

But the slogan lives on, and in fact could be the rallying cry of investors in airline stocks in the 1990s. Air travel is now a mature industry, buffeted by global deregulation and heightened customer expectations, subject to the vagaries of world oil prices and hammered by price wars and a changing labor environment. Individual investors can easily find themselves casting about for a way to predict which companies will emerge the winners, and even the professionals can feel frustrated.

"The trouble with airlines as an investment," said Stephen Sanborn, research director for Value Line, "is they are one of the most cyclical industries."

It is also one of the most unforgiving. When revenue falls, as it does during winter travel doldrums, or when fixed costs go up, as they do during the peak of the oil-price cycle, airlines — which compete largely on fares — cannot simply raise ticket prices. About all they can do is try to reduce variable costs, but in a service industry those measures can carry risks — which, in turn, can affect earnings and stock prices.

Taking a tough labor stance to reduce salaries might mean provoking a costly and disruptive strike, as AMR Corp.'s American Airlines unit found out only this month: The American Airlines pilots' work slowdown this month, which caused 10 days of disruptions to the carrier's schedule and cost AMR $58.7 million in lost revenue, also caused AMR stock to drop about 10 percent in a week.

"It's a very serious situation," said Julius Maldutis, an aviation-industry analyst for CIBC Oppenheimer. "If you believe what I said, you sell."

Other measures can be just as costly in terms of public relations. Shrinking menus on flights, as United Airlines has done, could put the reputation of an airline's cabin service on the line. Charging fees for tickets not purchased over the Internet can lead to consumer revolt and an embarrassing strategic retreat, as Delta Air Lines found out recently.

Steve Lewins, airline stock analyst for Gruntal & Co., said the most critical issue facing the industry today was overcapacity: too many planes chasing too few customers. "It forces down load factor, which in turn impacts yield," he said. Mr. Lewins expects a drop this year in U.S. sector profits alone to $4.5 billion from $5 billion.

Airlines that look abroad for alliances as a way of expanding their markets may well find growing pains and economic strains there, too. Asian carriers continue feeling aftershocks of the financial crisis that began in July 1997 with the devaluation of the Thai baht, and are seeing a greater pace of consolidation.

In Europe, 20 years after the U.S. industry was deregulated, carriers are going through a similar new competitive period, which dovetails rather inconveniently with a worldwide drop in passenger loads because of the Asian crisis. British Airways posted a third-quarter loss of £68 million ($110.8 million), its first quarterly loss in four years.

Also posting a loss was KLM Royal Dutch Airlines, sinking 29 million guilders ($14.79 million) into the red, from a prior-year profit of 46 million guilders. KLM attributed the loss to an industry traffic downturn and residual effects of last year's strike by pilots at KLM's U.S. alliance partner, Northwest Airlines.

Similarly, analysts say, recent economic problems in Latin America, especially Brazil, had a negative impact on carriers with large exposure there. Mitch Zacks, portfolio manager of Zacks Investment Management, a unit of Zacks Investment Research, which runs a $300 million hedge fund, said Brazil's declining currency was a threat for airlines because higher-priced business fares account for most travel to and from Brazil. Declines in those big-ticket travelers "create problems with earnings," Mr. Zacks said.

Small wonder, then, that at Value Line, which ranks the investment quality of 95 industries using factors such as earnings growth, airlines come in at No. 69.

"I don't think anyone is saying airlines are a buy-and-hold stock," Mr. Sanborn said. "You might buy Campbell Soup or Merck or something of that nature for your retirement portfolio. It's not true with airlines."

Instead, Mr. Sanborn said, one might hold airline stocks only for a year or so.

Mr. Lewins cited Southwest Airlines Inc., the Dallas-based regional carrier, and Alaska Air as successes — Southwest due to its low-cost structure and Alaska for its West Coast franchise.

Looking at airline stocks another way, Moody's Investors Service Inc., the credit-rating concern, gives a relatively high A3 rating to Southwest. Martine Nowicki, an analyst at Moody's, said the Dallas-based airline could boast of good performance, a strong balance sheet and a clear strategy, including expansion in the northeastern United States.

In contrast, Moody's highest bond rating outside the United States goes to British Airways and Lufthansa, both at A2. Although British Airways faces "pressure from the yield side," Ms. Nowicki said Lufthansa had "a strong presence on the Continent, good route systems, a strong balance sheet."

Bright spots in Asia are harder to find, but they exist in airlines that have strong home markets and an established network of long-haul routes, which tend to attract business travelers.

An analyst at a major investment house, who asked not to be identified, said he would place his bets on Cathay Pacific Airways and Singapore Airlines to survive the current turmoil. He expected the losers to be Malaysia Air System, Thai Airways International, Philippine Airlines and China Airlines.

While Cathay will probably lose 300 million Hong Kong dollars ($38.9 million) in its current fiscal year, the analyst still recommends it because it is Hong Kong's only long-haul airline. Singapore Airlines — still government-operated although partially private — has strong traffic and is "good to hold through the downturn," he said, predicting profits of about 700 million Singapore dollars ($414 million) this year.

Cathay is a member of the five-member alliance Oneworld, a competitor of sorts to the six-member Star Alliance. Such alliances have been trumpeted as clever and low-cost ways for domestic or regional carriers to expand their markets, but the reviews to date have been mixed.

Mr. Maldutis said alliances sometimes did not meet expectations, like the delayed American Airlines pact with British Airways.

"Originally, that alliance as proposed was going to have dramatic benefit to both companies, to the order of increasing revenues by about $4 billion," he said. "But since it did not go ahead, the two companies basically are involved in what I call a mini-marketing effort, with some benefit, but not anywhere near the benefits as proposed."

On the Profits of Unpredictability

Some Investors See Bargains in Market's 'Behavior' Mistakes

JAMES K. GLASSMAN / ON INVESTING

FOR THE past 30 years or so, many economists who study finance have embraced "efficient market theory," or EMT. The idea is that a stock price today reflects every possible scrap of information that can be known right now. Tomorrow's price cannot be forecast, since it will reflect new information that we will not know till then.

So prices move, from one day to the next, in an unpredictable "random walk." As a result, it is useless to worry about whether a stock is "underpriced." In fact, that is a contradiction in terms. A stock might go up or down, but investors should not bother guessing because they cannot divine tomorrow's news.

There is a lot of sense in EMT, but one should not get carried away by it. As Warren Buffett wrote in the 1988 annual report of his company, Berkshire Hathaway Inc.: "Observing correctly that the market was frequently efficient, [backers of EMT] went on to conclude incorrectly that it was always efficient. The difference between these propositions is night and day." Mr. Buffett's own amazing record of stock-picking is strong proof that EMT does not work all of the time.

The lesson is that some stocks really are bargains, but do not underestimate the difficulty of finding them.

Recently I visited a highly specialized sort of bargain hunter: Fuller & Thaler Asset Management Inc. in San Mateo, California, south of San Francisco. The firm tries to find stocks that have been underpriced because of mistakes of the mind, or "behavioral bias."

Do not be confused: This phrase has nothing to do with emotions. Fuller & Thaler tries to score off mistakes caused by systematic misperceptions by analysts, who use the wrong heuristic (shortcut to a solution) or get sidetracked by the financial equivalent of optical illusions.

Russell Fuller has a Ph.D. in economics and is the on-site, hands-on manager. Richard Thaler, who teaches at the University of Chicago, is the best-known name in behavior finance, author of "The Winner's Curse" and "Quasi-Rational Economics." For nearly a decade, they have been picking stocks based on two of Mr. Thaler's most famous "cognitive errors": anchoring and overconfidence. More about both of those later.

The results are impressive. Since 1992, managing money for large institutions such as the New York Common Fund, a state pension plan, they have produced average annual returns of 27.7 percent, compared with 19.5 percent for the Standard & Poor's 500-stock index and 11.4 percent for the Russell 2500, the small- and mid-cap index that is their benchmark, since their system works best with such stocks.

Last year, for the first time, they managed a public mutual fund — Undiscovered Managers Behavioral Growth, part of a group started by Mark Hurley of Dallas. The fund returned a handsome 33.3 percent, compared with 28.6 percent for the S&P. Morningstar Inc., the mutual-fund research firm, ranked the fund in the top 1 percent of its small-cap category.

Investors can learn from the approach that Mr. Fuller, Mr. Thaler and their colleague Fred Stanske practice. And it may help them avoid cognitive errors of their own.

The first of those mistakes, anchoring, refers to the tendency of all of us to make judgments that are "anchored" in our own experience. Mr. Fuller uses the example of estimating population. He is from Scott's Bluff, Nebraska, a town of 15,000. If you ask a Scott's Bluff resident to give an approximation of the number of people who live in San Francisco, that resident will probably give a low estimate, since his and her idea of a city begins at home. Someone born in New York would probably give an estimate that is too high.

Overconfidence is the tendency of people — especially those who consider themselves experts in a field — to be far more secure in their judgments than they should be.

The Fuller-Thaler system is based on an important notion. "Today's stock price," Mr. Fuller says, "is based solely on today's forecasts of the future. Tomorrow's will be based solely on tomorrow's. What causes price changes is changes in expectations, rather than changes in reality." This is a twist on EMT. Reality does not always change expectations enough.

The search for stocks begins a computer scan for big changes in earnings. They check to see that the jump is not a one-time-only event.

Next, they look for analysts who under-react to the change. "Say that the company reports earnings that go from $1 to $1.80," Mr. Fuller said. "Pretend I am an analyst who predicted $1. I am so overconfident that I give no weight to this new information in my next forecast. My first reaction is to reject it."

So the analyst sticks to his $1 forecast, and this expectation affects the price of the stock. The next quarter, earnings are up again, and the analyst gives in and raises his projections. But not enough: He is still anchored at $1, so he may go up to $1.40 but not to $2.

Finally, after three or four quarters, the analyst manages to throw off his overconfidence and anchoring and makes sensible forecasts based on the new information he rejected.

Especially with small- and mid-cap companies, the judgment of analysts has a big impact on stock prices. Sometimes it takes them years to get the message. Mr. Fuller and Mr. Stanske chuckle over a former holding, the office furniture maker Herman Miller Inc., which produced 10 consecutive earnings "surprises" after an initial jump in 1993 that analysts just would not believe. The stock sextupled.

Best Buy Co., the consumer electronics chain, shocked analysts in 1997 with earnings that were triple what had been predicted. The stock rose, but not enough to reflect the new information. Earnings kept climbing, but analysts remained anchored. "There were a lot of guys from Scott's Bluff on this one," Mr. Fuller said. His firm bought at $12 and still holds today at around $88.

Sometimes, Mr. Fuller says, his approach looks like a "momentum strategy" — jumping on fast-moving growth stocks as they rise. But the firm does not buy simply because a stock is soaring, the way true momentum mavens do. It buys because of the mistakes it sees.

An example is QLogic Corp., the fund's No. 3 holding, which makes products for computer boards. The stock shot up $16 to $36 immediately after an earnings surprise was announced. But Mr. Fuller and Mr. Stanske were convinced the price did not reflect the new information; analysts remained too anchored and overconfident. They bought at $36 ("it took guts"), and QLogic is now at $130.

Other stocks among the fund's top holdings include Superior TeleCom Inc., which makes wire and cable products; Compuware Corp., software; Allergan Inc., eye care, and American Management Systems Inc., consulting.

Do not be tempted to run out and buy these stocks simply because the Behavioral Growth fund owns them. Behavioral finance is not an amateur's game. For one thing, you need to know when to sell: The firm keeps its stocks for only about nine months and then, if all works out well, dumps them on momentum buyers.

But it is instructive to see how some professionals can make money off the mistakes of other professionals — and to see, once more, that Mr. Buffett is right. The market does, from time to time, goof.

Washington Post Service

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In Japan, a Job-Finder Thrives

By Miki Tanikawa

THE ECONOMIC morass in Japan has proved to be fertile ground for Drake Beam Morin-Japan Inc., an outplacement company whose shares have nearly quadrupled since October, while the Nikkei Stock Average has managed a comparatively meager 6 percent gain.

The run-up in the company's stock is a result of changing attitudes in Japan. Until recently, Japanese companies shunned layoffs, effectively offering their workers lifetime job security, so most outplacement work was for foreign-based employers. But the decade-long malaise in the economy is forcing Japanese companies to restructure, shedding jobs in the process. When a company lays off workers, it now pays an outplacement agency to help them find new jobs.

In recent months, Drake Beam has been a direct beneficiary of this trend. The company was founded in 1984, when its chairman, Atsuhiko Tateuchi, concluded a licensing agreement with the U.S. outplacement agency *Drake Beam Morin Inc. The* Japanese company went public at 1,220 yen ($10.25) per share in October 1997, and over the following year, its stock slipped to a low of 1,000 yen on Oct. 14. Now it is trading at 3,990 yen, and analysts are expecting earnings to rise at double-digit rates in the coming financial year.

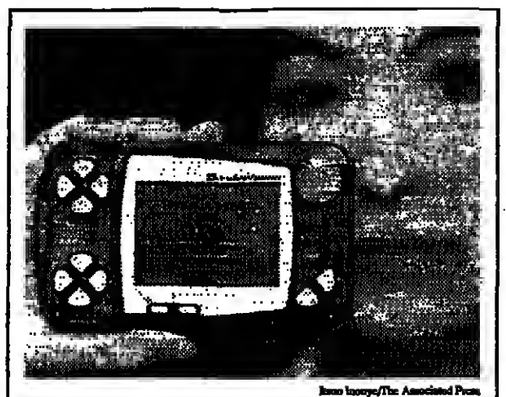
Until recently, only about 30 percent of the company's business was with Japanese clients. But in recent months, it has signed outplacement contracts with two of the six major Japanese commercial banks, have instituted voluntary early-retirement programs, and it is believed to be negotiating with a third. Analysts said the banks, seeking to qualify for injections of government funds in order to raise their equity, were under pressure to trim costs and shed excess capacity.

Drake Beam is also in demand in other industries. Recent accounts include a deal to place 200 workers from a de*partment store in Kansai, and* assignments from a musical instruments manufacturer and an electronics maker, which is reorganizing its semiconductor operations.

"That it began winning orders from Japanese financial institutions was significant," said Michihiro Ashiya, an analyst at Ichiyoshi Securities Co. "Japanese companies tend to follow others' moves, so the assumption is that DBM *will probably win* more."

Mr. Ashiya predicted that accounts from Japanese clients would equal those from foreign companies in the financial year that ends March 31.

Growing demands for outplacement have spawned new competitors, and some temporary-employment agencies have moved into the field. But Mr. Ashiya said Drake Beam had an edge over other companies because of its track record — it has placed 97 percent of released workers within eight months — and it enjoys the credibility that comes from being a public company listed on JASDAQ, the Japanese over-the-counter market.



Issei Inouye/The Associated Press

Bandai's WonderSwan, for which bond is named.

Bandai's Game Bond Does Double Duty

COULD THERE BE a clever way for companies to raise funds and promote products at the same time? Bandai Co., maker of the Tamagotchi electronic pet, and other Japanese game makers have an idea: Give bonds the name of the target product.

Bandai's WonderSwan bond takes its name from the company's new palm-size game machine, which will come to market next month.

Bandai has already sold 5,000 bonds, each with a face value of 1 million yen ($8,410) and a coupon rate of 2 percent — not bad in a country where interest rates stand *at 0.15 percent and could be heading lower.*

"This way, WonderSwan will be exposed to the eyes of at least 5,000 people," said Bandai's finance manager, Katsutoshi Hirosawa.

With the bond comes a merchandise coupon for toys worth 500 yen and a stake in a lottery that offers as prizes WonderSwan hardware and a software cassette that runs on the machine. So popular was the bond that it sold out in two weeks. Bandai could have sold twice as many, securities firms that sold the bonds told Mr. Hirosawa.

The idea of giving bonds such names seems to have gained favor last summer with the Metal Gear Solid bond offered by Konami Co., a game-software producer. Konami's offering included a "premium" software package of the best-selling game, including a T-shirt, a soundtrack CD and a 46-page color photo pamphlet.

That was followed in December by Sega Enterprises' Dreamcast bond. Dreamcast is Sega's new game machine, which the company hopes will help boost Sega's sagging status in the video-game market.

— MIKI TANIKAWA

Europe's No-Frills Future

But Dangers Await Investors in Low-Cost Airlines

By Peter S. Green

NEARLY 30 YEARS ago, Southwest Airlines shook up U.S. air travel by offering no-frills flights from its Dallas hub at cut-rate fares. Within a few years, Southwest became one of America's most profitable airlines and hottest stocks, and its success at exploiting under-used routes and undercutting the major carriers on price had spawned a generation of imitators.

Now it is Europe's turn. In 1997, the European Union largely deregulated its air space, breaking the grip of the state-owned flag carriers and allowing any EU-based airline to fly anywhere in the 15-nation bloc. The result has been the emergence of regional airlines such as Richard Branson's Virgin Express, Dublin-based Ryanair and London-based Debonair.

The discount and regional airlines generally fly routes neglected by the big carriers, offering lower prices and little more than a safe seat. There are usually no meals, sometimes not even a cup of coffee, no seat assignments and few connecting flights. Passengers often arrive at uncrowded minor airports instead of the busier hubs.

Low fares are the main reason people fly small carriers. While British Airways offers an unrestricted round-trip business class ticket between Brussels and London for 22,540 Belgian francs ($630) and 5,290 francs for a weekend fare, Virgin Express's one-class service for the 40-minute hop and back is 7,140 francs for an unrestricted ticket and 4,840 francs for a fixed-date weekend ticket.

Martin Borghetto, airlines analyst at Morgan Stanley Dean Witter in London, says the potential in Europe for start-up regionals on the Southwest model is huge.

"Low-cost carriers are just beginning to make inroads in Europe," he said. "In the U.S., 5 to 10 percent of the market is already travelers on low-cost airlines. In Europe, it's only 1 percent, so there's a great potential for low-cost airlines."

But, he warns, it is a cutthroat business. "You have to be very careful," he said. "Not everyone is targeting the same thing. As a low-cost carrier you have to be the lowest cost on each route you are serving. That's important because if a competitor comes in, only if you have the lowest cost base you can survive."

Richard Hanna, airlines analyst at BT-Alex Brown in London, agrees: "Investing in small and upcoming airlines is a very dangerous game. There is going to be a lot of rationalization and consolidation of the industry in the next five to 10 years, plus the airlines perceived to be winners are already highly rated and the others are not likely to survive."

Shares in Ryanair Holdings PLC, the current favorite among analysts and investors, are trading at nearly 30 times earnings. Copying Southwest's successful strategy of flying to smaller airports not far from main destinations, Ryanair flies from Dublin and London's little-used Stansted Airport to airports such as Beauvais, 75 kilometers (45 miles) north of Paris, and beginning this summer to Frankfurt's Hahn airport, a former military field about an hour's drive from the city.

With revenue growth of 25 to 30 percent annually, and earnings growth of 20 to 25 *percent,* Mr. Borghetto rates Ryanair highly, putting the stock's target price at 7.5 punts ($10); it was at 6.80 at the close of trading on Friday.

But even the majors are creating budget airlines, such as British Airways' Go and Deutsche BA, so Ryanair could be eaten up by a large carrier.

That is why Mr. Borghetto says it is better to bet on the fox than to hope he will choose your chicken for dinner. His top pick is British Airways. He said that despite a huge accounting charge last year for fluctuations in *the yen-pound exchange rate,* the stock is a steal at 400 pence ($6.50).

"My 12-month forecast is 460," Mr. Borghetto said. "This is a share that could double in two to three years."

Other publicly traded regional airlines in Europe include Virgin Express Holdings PLC. Its American depositary receipts have fallen to $10 after launching at $15 in November 1997 and rising to $27, amid expectations that it could copy Ryanair's strategy. But costs were higher and planes emptier than expected.

"They never really did their numbers," said Philip Molloy, an analyst at ABN-Amro in Dublin, who is a Ryanair fan.

British Regional Airlines, which flies from Heathrow to Scotland, the Isle of Wight and Jersey, has also fared poorly, falling from 150 pence to 56 pence since flotation in June. Analysts do not recommend Debonair, either. Debonair Holdings PLC stock has fallen to 121 pence from its start of 451 pence in 1997.

THE MONEY REPORT

Investors Show Faith In 'Private' Air France

Stock Offer Reflects Prospects for Airline

By Barbara Wall

ANYONE WHO has visited an Air France ticket office in recent weeks may have noticed a display stand, poster or leaflet promoting the airline's forthcoming share sale. The campaign's slogan — "You are right to believe in Air France" — may not set hearts racing, but in terms of exciting investor interest, it seems to have had the desired effect: The airline's initial public offering of 38 million shares, or 20 percent of Air France's equity, has been 20 times oversubscribed, according to industry reports.

The partial privatization of Air France Group, originally scheduled for last autumn, was delayed because of volatile stock-market conditions and the need to reach a salary agreement with pilots.

With the book-building period now over, shares in Air France will start trading Monday at prices near the top of their pre-offering range: 14 euros ($15.75) for individual investors and 14.20 euros for institutional investors.

Antoine Nodet, an analyst with the brokerage house Pinatton Analyse Financiere in Paris, said he expected to see the price of Air France shares skyrocket during the early days of trading, as shares of British Airways PLC and Lufthansa AG did after their offerings, because of the relative shortage of stock and the airline's strategic attractiveness.

"The next six months are going to be difficult for airline stocks generally because of overcapacity on Atlantic routes and lower earnings growth," Mr. Nodet said. "But Air France's valuation is cheap compared to the sector and the company's earnings are growing at a much higher rate than the sector average."

Investors should become even more interested, he added, when details of a global alliance with a North American carrier are announced, probably within the next year. An alliance with either Delta Air Lines or Continental Airlines is thought to be inevitable, Mr. Nodet said. The government has indicated that such an alliance could add 1 billion francs ($171.1 million) a year to Air France's net income; the carrier earned 1.34 billion francs in the six months to last September.

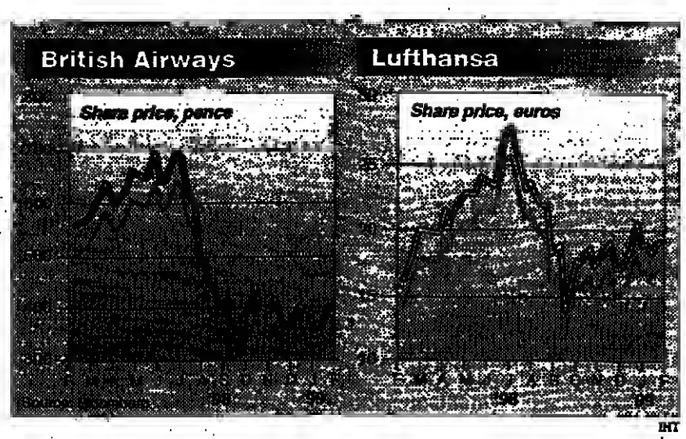
"Provided Air France is able to maintain a good level of communication with investors and personnel, the share price should easily reach" 17.85 euros in the next 12 months, Mr. Nodet said.

But Air France has had a troubled history. The airline was profitable last year for the first time in many years, thanks largely to restructuring and strategic initiatives started in 1994.

Andrew Light, an aviation analyst with Salomon Smith Barney in London, said he believed Air France was well prepared for privatization. Mr. Light has set a 12-month share price target of 20.50 euros. The airline's restructuring program is well under way, he said, and the company is now in a strong position both strategically and geographically.

"The labor force has been cut by 20 percent since 1990 and unprofitable, noncore businesses have been disposed of," he said. "A recent landmark share offer in return for seven-year salary concessions has been provisionally accepted by the pilots. And non-pilot staff have been offered shares at a discount to the public-offer price, which should help promote harmonious labor relations."

"Air France is also the largest domestic air-travel market in Europe," he added, "and Paris-Charles de Gaulle airport has 50 percent expansion potential within three years, making it a serious competitor to Heathrow as a European gateway and central hub."



The European airline sector has been particularly volatile in recent months and all of the leading airlines have seen heavy declines in share prices since August. Although analysts expect Air France revenue to grow by 24 percent over the next three years, compared with an average industry growth of 15 percent, there are still potential trouble spots.

Labor unrest remains the biggest threat to Air France's future profitability and brand image, according to industry commentators. The consensus is that a pilots' strike is unlikely, although 20 percent of the pilots did not sign up for the new pay deal.

Several smaller groups in Air France are known to be opposed to the current corporate program and partial privatization. Mr. Light noted that cabin crews were holding out for the scrapping of the two-tier wage structure and improvements to working conditions.

Finally, there is the question of state ownership of Air France. The French government does not have a timetable for privatization of the airline, but Mr. Light said he believed it was under pressure to reduce its holding further.

"Investors would not be happy if the state retained a majority interest in Air France because this would limit the liquidity of the stock," he said. "Alliance partners might also be put off if there was no likelihood of a further public offering." Assuming the current sale is successful, he said he expected one or two more offerings by 2002.

For further information on the Air France share sale, contact:
- GAVIN ANDERSON & CO. Telephone: 33 1 53 83 93 13.
- PINATTON ANALYSE FINANCIERE. Telephone: 33 1 40 17 53 61. E-mail: analyse@pinatton.fr

Flying Colors at TWA: A Long Haul in the Red

Hard Times for Once-Proud U.S. Airline

By Judith Rehak

FOR INVESTORS in Trans World Airlines Inc., the first week in February proved to be the best in an otherwise dismal year. Shares in TWA, the eighth-largest U.S. airline, leaped from $4.25 to close the week at just under $7, but still far below the $15 at which it traded a year ago.

The rapid rise came amid renewed acquisition fever in the industry, fueled by news that UAL Corp., parent of United Airlines, was talking with the smaller America West Holdings Corp. Investors betting on a TWA takeover note that not only is the company cheap, it is the only major U.S. carrier without a partner.

But a closer look at this once-proud global airline reveals why it is still on the shelf, as well as providing some insights into the dynamics of the industry.

TWA has not made an annual profit since 1988. On Wednesday, it reported a loss of $120.5 million for 1998.

The long-running losses stem from several problems, according to Philip Baggaley, a transportation analyst for Standard & Poor's Credit Ratings.

While TWA handles considerable traffic from its hub in St. Louis, Missouri, and still has some routes to Europe and the Middle East, its network has been steadily shrinking as competitors have been banding together.

TWA's costs per passenger seat, another important yardstick of profitability, are higher than those of its competitors because it has less of the lucrative business-traveler market and has been forced to discount fares to fill its planes. The airline's employees have been willing to settle for lower wages to keep their jobs but are now growing impatient for salary increases.

TWA's financial history matches its problems. Its debt is rated CCC, or junk-bond level, by S&P, and it has also been in Chapter 11 bankruptcy twice during the 1990s. Such bankruptcies, which allow a company to delay paying creditors while it puts its financial house in order, are not unknown in the volatile U.S. airline business. Both America West and Continental Airlines Inc. have taken refuge in Chapter 11 at certain times, only to recover profitability. So far, TWA has not.

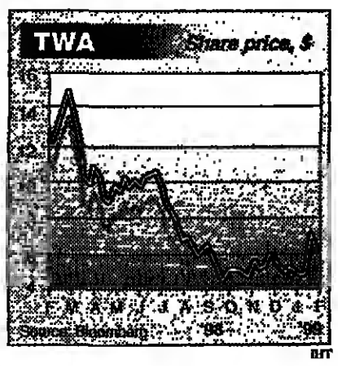
But there is also some good news about TWA. Mr. Baggaley noted that it was instituting operating changes and modernizing its aging fleet, adding smaller planes that should help even out its performance during the year.

"One of its problems was that it had large aircraft flying around empty in the winter, which created huge losses," he said. A shorter-term improvement, he added, was that the airline was able to issue some debt during the strong bond market last year. This built up its cash reserves so that it can pay its bills this winter.

Nor have some investors stopped betting on an acquisition play. Touted as potential buyers are U.S. Airways Group, the largest domestic airline, and America West, if its talks with United fail.

It also seems likely that despite its troubles, TWA will be around to fall into the arms of a suitor, should one appear.

"It's the nature of the business," Mr. Baggaley said. "It takes a long time for an airline to die because assets, routes and gates have value even if the airline using them is in trouble."



BRIEFCASE

European Stock Sitings From On-Line Lookouts

It is quite easy to get quotes on American shares listed on the New York Stock Exchange, Nasdaq, etc. — they are all on the Web — but how about European markets? If I need to look up a stock in Amsterdam, Milan, Frankfurt or London, where do I look? I read the quotes in the Herald Tribune, but sometimes I like to know in the evening.

B.M.

We were unable to find a central site for European stock quotes, although it was possible to locate individual sites for each of the four exchanges you mentioned. To find them, we consulted the Yahoo! portal, the Global Investor Web site and the list of world stock exchanges on the Global Securities Information Inc. Web site. All of the sites provided free stock quotes and did not require registration. Perhaps readers can suggest more efficient alternatives.

Here are the Web sites for the quotes and the sites we used to find them:

- AMSTERDAM. Hebels Financial Web site, www.hebels.nl (alternate address: www.xs4all.nl/~hebels)
- FRANKFURT. Die Welt, www.welt.de/ (Follow the boerse link.)
- MILAN. Italia Online, www.iol.it (use the Invest Online box.)
- LONDON. Electronic Share Information Ltd., www.esi.co.uk (use Quick Quote.)
- GLOBAL INVESTOR, www.global-investor.com
- GLOBAL SECURITIES INFORMATION INC. list of world stock exchanges, www.gsonline.com/exchange.htm
- YAHOO!, www.yahoo.com

Herald International Tribune
SPORTS
SATURDAY-SUNDAY, FEBRUARY 20-21, 1999

WORLD ROUNDUP

Sachin Tendulkar of India, left, leaving the field after being run out as Pakistan's captain, Wasim Akram, looks on.

Pakistan in Control

CRICKET The Pakistani bowlers Saqlain Mushtaq and Shoaib Akhtar bowled with a vengeance to leave India struggling at 214 for six, 65 runs behind the victory target at the end of play on the fourth day of the first Asian Cricket Championship on Friday in Calcutta.

Mushtaq once again proved to be Pakistan's trump card, claiming the important wickets of the Indian openers V.V.S. Laxman and Sadagoppan Ramesh, and the skipper, Mohammed Azharuddin. Akhtar took the wickets of Rahul Dravid and Nayan Mongia, who were India's hopes after Sachin Tendulkar was run out. *(AP)*

IOC to Pay the Taxman

OLYMPICS The International Olympic Committee will have to hand over tax that it has not paid since 1995, the Swiss government said Friday, after the IOC's decision earlier in the week to withdraw a request to be exempted from value-added tax.

The exemption, which was approved by the Swiss government last September, had drawn widespread criticism in Switzerland in the wake of the scandal over alleged misconduct in connectioo with Salt Lake City's bid to stage the 2002 Winter Olympics. The committee, which has its headquarters in Lausanne, is already exempt from other taxes in Switzerland.

The IOC said the amount of money involved was about 300,000 Swiss francs ($210,600). *(AP)*

Seeds Struggle but Win

TENNIS Yevgeni Kafelnikov and Tim Henman played erratically Friday, but both won their respective quarterfinals at the ABN-AMRO indoor World Tennis Tournament in Rotterdam.

Kafelnikov, seeded No. 2, started strongly but lost the secood set to Roger Federer of Switzerland before winning, 6-1, 5-7, 6-4. Henman downed Karol Kucera of Slovakia in straight sets, 6-4, 7-6 (7-4), but the fifth-seeded Englishman's first serve and forehand troubled him during the second set. *(AP)*

Clemens Gets a Shot At an Elusive Honor

With Yanks, He Could Win First World Series

By Buster Olney
New York Times Service

TAMPA, Florida — Roger Clemens might win 300 games before he retires *and he could become only the third* pitcher to compile 4,000 strikeouts. With at least five Cy Young Awards to his credit, he will be elected into baseball's Hall of Fame after retiring.

But Clemens has never been part of a team that won a World Series, and like the slugger Ted Williams, he is dogged by the label — probably an unfair one — that he cannot succeed in a big game.

Clemens has won one of nine starts in the post-season. John McNamara, who managed Clemens with the Boston Red Sox, always has insisted that Clemens begged out of Game 6 of the 1986 World Series, which the New York Mets eventually won when a ground ball went through Bill Buckner's legs; Clemens has said he was ill.

Following the blockbuster trade late Wednesday that sent Clemens to the Yankees for the All-Star pitcher David Wells, the middle reliever Graeme Lloyd and the utilityman Homer Bush, Clemens has a chance to change that perception. He joins a team that won 114 games in the regular season and swept the World Series last year, a team now the favorite to win the World Series again.

"The bottom line is now I'm going to a team that is already champions," Clemens said Thursday from his home in Texas.

"I just wani to slide in the side door and go to work with these guys. Hopefully I'll fit right in."

He becomes the ace of a rotation that includes David Cone, Andy Pettitte, Orlando Hernandez and Hideki Irabu. The Yankees always have stacked their rotation with left-handers to exploit the dimensions of Yankee Stadium, and now Pettitte is the only lefty among four right-handers.

But the Yankees saw this as an insignificant factor. Clemens can dominate left-handed and right-handed batters, and he will provide his unique presence.

When the Yankees manager, Joe Torre, sees Clemens, he sees Bob Gibson, Sandy Koufax, Nolan Ryan — the sort of pitcher who attacks and intimidates hitters with his fastball. "He's not comfortable to bat against," the Yankees catcher, Joe Girardi, said dryly.

Many opponents could offer horror stories about Clemens. Roberto Alomar believes Clemens has thrown at him purposefully, with intent to injure — Clemens has thrown fastballs just behind Alomar's head.

Clemens faced the Mets in Shea Stadium in 1997 and reached second base. Trying to tire him, the Mets ran successive pick-off plays, forcing him to lunge back into the base.

Clemens, sweat streaming down his face, realized what was happening, turned and pointed at Rey Ordonez, the Mets' shortstop. "You do that again," Clemens said, "and I'm going to hit you in the head."

Some of the Baltimore Orioles maintain Clemens aims at the ceoter fielder Brady Anderson for sport, raising one or two ugly black welts with the imprint of baseball stitching in the middle of his back each year.

Chuck Knoblauch, the Yankees' second baseman, is represented by the same agents as Clemens, and like Clemens grew up in the Houston area. But Clemens routinely hit him, perhaps to *make sure that Knoblauch doesn't get* special treatment, or because Knoblauch attended Texas A&M, an archrival of Clemens' alma mater, the University of Texas.

Girardi once asked the umpire to check the baseball when he was facing Clemens, and Clemens responded by staring him down.

The Yankees believe that Clemens threw intentionally at Derek Jeter and Scott Brosius last season. "I've plunked a lot of guys in my career," Clemens said. "I've had a lot of balls hit off my shins. I'm a competitive person. I hope they know that."

They do. Clemens has competed this way since the Red Sox picked him in the first round of the 1984 draft. He averaged nearly 20 victories a season from 1986 to 1992, once striking out a record 20 against the Seattle Mariners. There were stories of his intensity and toughness: Once, when he had strained a groin muscle, he would return to his home in Framingham, Massachusetts, after games and strenuously walk hills for 90 minutes to rehabilitate his injury. He began keeping notes on the strengths and weaknesses of opposing hitters — and on umpires as well.

Arm and back trouble hampered him, however, and he had a record of 40-39 from 1993 to 1996. One team that considered signing him as a free agent examined his medical records and estimated that he would break down for good within three seasons.

But Clemens rededicated himself to his conditioning and rebounded, his pitching style evolving. He will oow get ahead with his fastball of 96 to 97 miles an hour, throwing sinking and sailing strikes to the inside and outside corners; with the ball-strike count in his favor, he will throw his split-fingered fastball, its movement electric, diving and darting, and hitters will chase it.

Clemens has 233 victories. He won 21 games for the Blue Jays in 1997, leading the league in victories, earned run average (2.05) and strikeouts (292), and once again, he whiffed 20 batters in one game (with no walks) against Detroit. In 1998, when he again led the league in victories (20), earned run average (2.65) and strikeouts (271), he became the fourth pitcher in history to do so in consecutive years, joining Sandy Koufax (1965-66), Lefty Grove (1930-31) and Grover Cleveland Alexander (1915-16).

Clemens is a throwback in his pitching style, in how he knocks down hitters, in how he uses his fastball to intimidate. But he is thoroughly modern in his expectations of how he wants to be treated.

When the Yankee outfielder Paul O'Neill heard last fall that his team had a chance to get Clemens, he encouraged the Yankees' general manager, Brian Cashman, to make the deal. "He might add a lot of fuel to the fire," O'Neill said. "Who knows, he's a dominating pitcher. He always pitches well. I hope he takes off like he has for the last 10 years."

Cone said, "They could've thrown me into the deal and it would've been a good trade."

The Associated Press

Roger Clemens, pitching for Torooto last season on the way to his fifth Cy Young Award, will be on the mound now for the New York Yankees.

Pity the Red Sox Fans

Mo Vaughn Gone and Ex-Hero in Pinstripes

By Murray Chass
New York Times Service

NEW YORK — The Yankees and the Blue Jays made a trade that had nothing to do with the Bostoo Red Sox but had everything to do with their fans.

Imagine the feelings of the downtrodden Red Sox fans. They were already preparing for a season without their beloved Mo Vaughn, knowing it would be a lost season, a wasteland of a season, but doggedly ready to tender their support nonetheless.

Now the Roger Clemens trade has added sadism to their masochism. Just as the Red Sox let Vaughn leave as a free agent this winter, they jettisoned Clemens two years ago, pronouncing him an aging pitcher no longer worth the money or years he sought as a free agent.

Two Cy Young awards later, the Red Sox fans have to face the agony of watching their onetime hero pitch for the hated Yankees and help the Yankees get where the Red Sox can't.

April is the cruelest month? Try May, June, July, August, September and October, too.

Don Zimmer, the Yankees' bench coach, devilishly planned to add a few grains of salt to the gaping psychic wounds. When the Yankees play at Fenway Park in May and Clemens is the starting pitcher in one of the three games, Zimmer, who is notorious in Boston as the manager who squandered a 14-game lead over the Yankees in 1978, plans to take the lineup card to home plate.

It was bad enough when Wade Boggs returned to Fenway the first time in a Yankee uniform in 1993. Clemens's appearance in the Yankees' uniform — gray on the road, pinstripes at home — will be cause for emotional despair for Red Sox fans.

Their feelings aside, this is a trade that is good for both teams.

The Blue Jays shed a player who insulted them by asking out because, Clemens said, they weren't a contender even though they made a legitimate run at the wild-card spot and seemed to improve each day of the last seven weeks of the season. In return, they received a solid starting pitcher in David Wells.

The Yankees gain because Clemens is becoming the next Nolan Ryan, a hard-throwing ageless winner and Wells was not likely to match the best year of his life. The Yankees didn't need Clemens to repeat as champions, but with their lineup behind him, he should finally look formidable in the post-season.

Change seems to go well with Clemens. In the few seasons before he was forced out of Boston, he did not resemble the pitcher who had won three Cy Young awards. But he seemed to use the insult the Red Sox inflicted to work harder and push himself more fiercely, and two outstanding seasons ensued.

Now he has another motivation; proving that the two seasons in Toronto were not the brightening of the light bulb before it burns out.

Clemens could have been in New York before this. George Steinbrenner tried diligently to lure him to the Yankees two years ago. At the time, the Indians tried valiantly to get him to Cleveland. Clemens, as a free agent, said his goal was to play in the World Series. The Yankees and the Indians offered him the best opportunity.

The Blue Jays were the third team in the chase. On a downward slide from the caliber of their 1992-93 World Series championship teams, they were the least likely to reach the World Series. Bot desperate to induce Clemens to play in Toronto, the Bloe Jays violated baseball rules by including an unreported side agreement that gave him the right to request a trade and the additional right to approve the team to which he could be traded.

He invoked the agreement last December, saying he wanted to (1) play for a contender, or (2) play closer to home. But when he asked the team closest to home, the Houston Astros, who also happened to be a contender, for what amounted to $27.4 million for one extra year on his contract, it became evident that his trade request was all about money.

He saw what the market had become for front-line pitchers, $12.5 million a year and up. He didn't want to have to wait two more years until his contract would expire. "It's all about the money," a Bloe Jays executive said.

The Yankees say no contract adjustment — renegotiation or extension — has been discussed with Clemens and his agents.

Atlanta Broke Rules for Gifts To IOC, Says Former Official

By Bill Brubaker
Washington Post Service

ATLANTA — A former leader of Atlanta's bid for the 1996 Olympics has said that his group violated the International Olympic Committee's gift-giving rules in its pursuit of the Summer Games.

As the Salt Lake City bribery scandal has unfolded this winter, Atlanta organizers have insisted they did nothing improper in their bid efforts. But Charlie Battle — who served on both the bid committee, which worked to land the Games, and the organizing committee, which was responsible for their staging — said that he and other members of the bid committee ignored the IOC's gift limitation — then $200 — in dispensing mementos such as $475 golf clubs to IOC members who visited the city from 1988 to 1990.

And although the IOC allows bid committees to provide first-class airplane tickets to IOC members and one guest of their choosing, Mr. Battle said, Atlanta at times invited an additional family member, usually a son or a daughter — a perk that could cost upward of $10,000.

But Mr. Battle repeatedly insisted in an interview this week that the committee did "nothing wrong" because the IOC gift-giving rule was widely ignored and never enforced. He said he did not consider the gifts excessive.

Mr. Battle said he was proud of his committees' work. "We didn't do anything illegal, immoral, unethical or what I felt was improper given the context of lavish hospitality and entertainment that was the accepted route," he said. "I mean, that's what was going on." He added, "We felt like we conducted our bid in the spirit of what we felt like were the guidelines that were given to us."

Mr. Battle said the bid committee bought a $400 sports jacket and necktie for the traveling companion of one IOC member, and it may have paid for some side trips by IOC delegates to Disney World in central Florida.

"I'm sure we gave out some things that probably cost $300 or $400 or $500 or maybe even more," said Mr. Battle, an attorney who now is president of Central Atlanta Progress, a downtown development group. "We truly believed that these people voted for their friends. I can tell you: You can't buy friends. So we were doing things that were nice. And it didn't much matter that it cost $150 or $450."

The IOC has asked cities that bid for five Olympics — those from 1996 to 2004 — to report improprieties in the process. The IOC set a deadline of last Monday for submission of these reports, but the U.S. Olympic Committee, which will forward Atlanta's report to the IOC, has requested an extension. An IOC inquiry panel has pledged to investigate new allegations.

Twenty-three IOC members have been implicated of accepting improper gifts or cash payments or both from the Salt Lake City bid committee. An ethics panel in Salt Lake City last week implicated nine more IOC members in the bribery scandal, which also is being investigated by the Justice Department. Mr. Battle said former Atlanta Olympic Committee members had not been contacted by the Justice Department.

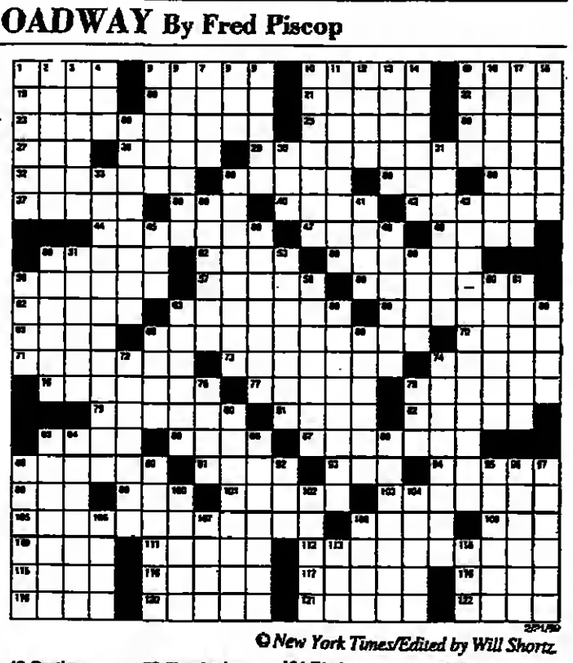
"OFF" BROADWAY By Fred Piscop

ACROSS

1 Not much
5 Indy 500 data
10 Great man?
15 Like some track meets
19 Coney Island's —— Park
20 Sister of Euterpe
21 Lake that feeds the Truckee River
22 "She Believes ——" (Kenny Rogers song)
23 Broadway musical about a $1,000-a-night vacation?
25 Stood
26 E-4's, E-5's et al.
27 Winner of eight Norris Trophies
28 Poetic periods
29 Broadway musical about a wrestling free-for-all?
32 File box filler
34 —— rubber (shoe material)
35 Electrical unit
36 "How Can —— Sure" (1967 hit)
37 Prefix with centric
38 ——-Kosh B'Gosh (kids' clothing line)
40 Cheese base
42 Certain sweater
44 Series of 30 requiems, to Roman Catholics
47 After-dinner selection
49 Dodge
50 Tiny cars' paths
52 Impressionist
54 Comedienne Ullman
56 Sawfish kin
57 James Dean type
59 Fedora features
62 Rector's income
63 Prepares to paint
65 Musical intervals
67 ".. baked in ——"
68 Broadway musical about three guys using the same pickup routine at a bar?
70 Church section
71 Some pots and pans
73 London's —— Hill Gate
74 Stranger
75 Factory machinery
77 Colorful fish
78 Physicist Angström
79 Person on a dais
81 Retainer
82 Glittery stone
83 Assured of success
85 Kind of appeal
87 Verbatim
89 Torments
91 Can in Canterbury
93 Attendance fig.
94 Outer sound effects
96 Airport monitor abbr.
99 Go out
101 Baseball Hall-of-Famer Bobby
103 Dupe
105 Broadway musical about a blown putt?
108 [sigh]
109 Bit of financial planning: Abbr.
110 It's sold in bars
111 Smash to smithereens
112 Broadway musical about Judge Judy?
115 Actor Calhoun
116 Trixie's pal, in 50's TV
117 Seemingly forever
118 All-inclusive
119 Figure (out)
120 Checks out
121 What a junker may be good for
122 —— vale (farewell)

DOWN

1 Noted 1989 Harvard grad
2 Gun location
3 Old-style revolutionary
4 Decathlete O'Brien
5 Snicker
6 Affixes, in a way
7 Dining table sights
8 Season abroad
9 Kind of panel
10 "Don't go away!"
11 Town south of Elizabeth, N.J.
12 Sounds before "I've got it!"
13 "——, With Love"
14 Acne sufferer, most likely
15 Surfboard flaw
16 Straightens out
17 Pseudopod formers
18 Let up
24 Involuntary exile
30 Japanese computer giant
31 Give the evil eye to
33 Broadway musical about a duffer and his new driver?
34 Prom figure
39 Laundry supply
41 Jeanne ——
43 Broadway musical about a G.I. Joe collectors' convention?
45 Non-P.C. suffix
46 Onetime Chrysler model
48 Unisex garment
50 "Never mind!"
51 Bodega patron
53 Ostensible
55 Singer Winans
56 E.R. cry
58 Mr. Clean alternative
60 Gotten out of
61 Forbidding
63 Sachet emanations
64 More sinuous
66 Sun. talks
68 Coloratura's piece
69 Some blowups
72 "So soon?"
74 "The Zoo Story," e.g.
76 Signal to leave
78 Cabinet dept.
80 Motocross, e.g.
83 Title girl in a Ricky Nelson hit
84 Contract inkers, say
86 Whole bunches
88 Acid, at times
89 Pyle player
90 Accessory pin: Var.
92 Natural necklace
95 Relevant
98 It's sometimes begged
97 "Camel News Caravan" anchor
100 African virus
102 Amend, as an itinerary
104 Wacky
106 Some scouts
107 Inflammatory ending?
108 Get an —— effort
113 Roll-call vote
114 Big pooch



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Solution to Puzzle of Feb. 13-14

SCOREBOARD

BASKETBALL

U.S. COLLEGE SCORES

THURSDAY RESULTS

MEN

TOP 25

No. 4 Michigan St. (24-0) def. Michigan 73-58
No. 7 Stanford (21-4) def. Washington 89-57
No. 8 Arizona (21-4) def. Oregon State 89-72
No. 12 Utah (21-4) def. San Jose State 71-49

LEADING COLLEGES

Delaware 87, Maine 74
Marist 85, Manhattan 61
New Hampshire 74, Towson 70
Quinnipiac 75, Wagner 72
DePaul 65, Southern Miss. 64
Jacksonville St. 64, Centenary 58
Louisville 80, Tulane 75
Memphis 92, Saint Louis 89
Indiana St. 74, Wichita St. 68
Valparaiso 90, Chicago St. 48
Arkansas St. 69, South Alabama 67
Lamar 64, Nicholls St. 62, OT
Boise St. 60, Nevada 48
Denver 96, Texas-Pan American 86
Fresno St. 80, Brigham Young 71
Long Beach St. 66, UC Irvine 63
Montana 78, Sacramento St. 50
North Texas 87, UC Santa Barbara 73
Oregon 76, Arizona St. 75
Southern Meth. 86, Air Force 81
Utah St. 68, Idaho 67
Washington St. 79, California 73

WOMEN

Top 25

No. 1 Tennessee (23-1) def. Vanderbilt 89-63
No. 2 La. Tech (21-2) def. SW. Louisiana 92-57
No. 8 Duke (20-3) def. N Carolina St 75-67
No. 10 Virginia Tech (24-1) def. La Salle 70-57
No. 14 Clemson (21-4) def. Wake Forest 66-38
No. 14 Georgia (20-3) def. Florida 91-66
No. 17 Virginia (18-7) def. Georgia Tech 86-73
No. 23 Ft. Lauderdale (20-4) lost to W. Kentucky 74-68
No. 25 Alabama (16-7) lost to Arkansas 77-73

EUROLEAGUE

Group E
Pau-Orthez, Fr., 66, Manresa, Sp., 69
Zalgiris, Lith., 64, Cibona Zagreb, Croatia, 74

Group F
Maccabi Tel Aviv, Is., 94, Varese, It., 78
E. P. Istanbul, Turk., 107, Saratov, Russ., 91

Group G
Kinder Bologna, It., 80, Samara, Russ., 58

Group H
Real Madrid, Sp., 86, KK Zagreb, Croatia, 75
Union Olimpija, Slov., 80, Ulkerspor, Turk., 62

ICE HOCKEY

NHL STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION	W	L	T	Pts	GF	GA
Philadelphia	29	13	13	71	175	117
New Jersey	31	18	7	69	168	141
Pittsburgh	30	16	7	67	171	142
N.Y. Rangers	21	27	7	49	150	157
N.Y. Islanders	17	33	7	41	135	172
NORTHEAST DIVISION						
Ottawa	31	16	8	70	160	117
Toronto	31	20	4	66	178	166
Buffalo	26	19	10	62	148	118
Montreal	22	27	8	54	137	151
Boston	22	24	9	53	136	129
SOUTHEAST DIVISION						
Carolina	25	22	10	60	149	146
Florida	20	27	15	55	135	146
Washington	22	28	5	49	138	146
Tampa Bay	11	29	5	27	111	205
WESTERN CONFERENCE						
CENTRAL DIVISION						
Detroit	30	22	4	64	168	142
St. Louis	22	22	10	54	149	140
Nashville	19	31	5	43	127	178
Chicago	16	33	8	40	127	179
NORTHWEST DIVISION						
Colorado	29	21	5	63	149	124
Edmonton	22	26	8	52	154	147
Calgary	19	28	8	46	137	161
Vancouver	18	31	7	43	141	177
PACIFIC DIVISION						
Dallas	34	10	8	76	153	105
Phoenix	29	15	10	68	142	113
Anaheim	23	24	9	55	147	140
San Jose	20	22	13	53	129	129
Los Angeles	21	31	4	46	132	151

THURSDAY RESULTS

Washington	1	1	0	0—2
Carolina	0	1	1	0—2

1st Period: W-Gonchar 11 (Bondra, Oates) (pp). 2d Period: W-Jonass 13 (Bondra, Oates). 3. Carolina, Primeau 24 (Dineen, Kvartalnov) 3d Period: Carolina, Bertagnolli 4 (Pratt, Coffey) Overtime: None. Shots on goal: W- 6-10-6-0—22. Carolina 12-12-13-2—39. Goalies: W-Kolzig. Carolina, Irbe.

Boston	0	0	0	0—0
Ottawa	2	0	0	0—2

1st Period: O-Alfredsson 7 (Prospal, McEachern) 2. O-Yashin 27 (Johansson, Daigle) (pp). 2d Period: None. 3d Period: None. Shots on goal: B- 11-11-8—30. O- 11-9-8—28. Goalies: B-Dafoe. O-Tugnutt 16-6-5.

Montreal	0	1	2	0—3
Philadelphia	0	1	0	0—1

1st Period: None.2d Period: M-Recchi 11 (Carson, Weinrich) 2. P-Lindros 33 (LeClair) 3d Period: M-Zholtok 5 (Malakhov, Recchi) (pp). 4. M-Koivu 11 (Brunet) (pp). Shots on goal: M- 7-8-6—21. P- 3-10-9—22. Goalies: M-Hackett. P-Vanbiesbrouck.

Florida	0	0	0	0—0
St. Louis	0	0	0	0—0

1st Period: None. 2d Period: None. 3d Period: None. Overtime: None. Shots on goal: F- 7-3-7-4—21. S.L.- 4-6-12-5—27. Goalies: F-Burke. S.L.-McLennan.

Edmonton	2	0	0	0—2
Los Angeles	3	0	0	0—3

1st Period: L.A.-Boucher 1 (Badger) (pp). 2. L.A.-Robitaille 30 (Boucher, Perreault) 3. E., Selivanov 10 (Brown) 4. E-Selivanov 11 (Mironov) 5. L.A.-Decherne 4 (Courtnall, Boucher) 2d Period: None. 3d Period: None. Shots on goal: E- 9-5-5—19. L.A.- 12-4-11—27. Goalies: E-Strickenkov. Essensa. L.A.-Fiset.

SKIING

WORLD CHAMPIONSHIPS

FRIDAY IN RAMSAU, AUSTRIA
MEN'S 3-0-K FREESTYLE RACE

1. Mika Myllylae, Finland, 1 hr. 15 min. 26.2 sec.
2. Thomas Alsgaard, Norway, 1:16:01.5.
3. Bjarn Daehlie, Norway, 1:16:08.7.
4. Fulvio Valbusa, Italy, 1:16:25.9.
5. Alois Stadlober, Austria, 1:16:27.4.
6. Andres Bergstroem, Sweden, 1:16:55.3.
7. Christian Hoffmann, Austria, 1:17:09.3.
8. Per Elofsson, Sweden, 1:17:24.5.
9. Vladimir Villisov, Russia, 1:17:58.2.
10. Sergei Krionin, Russia, 1:18:13.4.

CRICKET

THREE-NATION ASIAN TEST CHAMPIONSHIP
INDIA VS PAKISTAN
FOURTH DAY
FRIDAY IN CALCUTTA, INDIA
Pakistan: 185 and 316
India: 223 and 214-6

TRANSITIONS

BASEBALL
AMERICAN LEAGUE
TAMPA BAY — Agreed to terms with RHP Jason Johnson on1-year contract.
TEXAS — Signed LHP Matt Perisho and INF Rob Sasser to 1-year contracts.

THE WEEK AHEAD

SATURDAY, FEB. 20

ATHLETICS, Sydney, Australia — Sydney Classic.

BIATHLON, Pokljuka, Slovenia — IBU, jr. World Championships, to Feb. 21.

CRICKET, Auckland — 1-day international. N. Zealand vs. S. Africa, Calcutta, India — Asian Test Championship. India vs. Pakistan, to Feb. 23. Auckland, New Zealand — 1-day international. N. Zealand vs. S. Africa.

GOLF, Doha, Qatar — men, PGA European tour, Qatar Masters, to Feb. 20. Kapolei, Oahu (Hawaii) — women, Hawaiian Ladies Open. Kapolei, Oahu, Hawaii, to Feb. 20. Sydney, Australia — men, Canon Challenge, to Feb. 21. Valencia, California — men, Nissan Open, to Feb. 21.

RUGBY, Five Nations, Wales vs. Ireland; England vs. Scotland.

SKIING, Garmisch-Partenkirchen, Germany — men, Alpine World Cup, downhill. Ramsau, Austria — men, women, World Nordic Ski Championships, to Feb. 28. Madonna, Japan — men, women, Freestyle World Cup, moguls and dual moguls, to Feb. 21. Piancavallo, Italy — men, women, Freestyle World Cup, aerials, to Feb. 21.

SOCCER, Glamorgan, Wales — 113th Annual General Meeting of the International Football Association Board.

SPEEDSKATING, Calgary, Can. — World Sprint Speedskating Champs, to Feb. 21.

SWIMMING, Paris — World Cup, to Feb. 21.

TENNIS, Rotterdam, Netherlands — men, ABN-AMRO World Tennis Tournament, to Feb. 21.

SUNDAY, FEB. 21

ATHLETICS, Diekirch, Luxembourg — Eurocross. Lievin, France — Gaz de France meet. Chiba, Japan — Chiba International Cross-Country.

FIGURE SKATING, Halifax, Nova Scotia, Canada — Four Continents Figure Skating Championships, to Feb. 28.

SKIING, Garmisch-Partenkirchen, Ger. — men, Alpine World Cup, super-giant slalom.

SOCCER, Accra, Ghana — African Under-20 Championship, to March 7. Quito, Ecuador — Copa Libertadores, first round, Group 5. Liga de Quito, Ecuador, vs. Emelec, Ecuador. Fort Lauderdale, Florida — U.S. vs. Chile.

MONDAY, FEB. 22

SKIING, Are, Sweden — women, Alpine World Cup, giant slalom.

SOCCER, Zurich, Switzerland — FIFA Football Committee inaugural meeting.

TENNIS, London — men, Guardian Direct Cup, to Feb. 28. Paris — women, Open Gaz de France, to Feb. 28. Oklahoma City — women, IGA Tennis Classic, to Feb. 28.

TUESDAY, FEB. 23

SKIING, Are, Sweden — women, Alpine World Cup, slalom.

WEDNESDAY, FEB. 24

CRICKET, Colombo, Sri Lanka — Asian Test Championship, Sri Lanka vs. India, to Feb. 28.

GOLF, Carlsbad, California — men, World Golf Championships, Andersen Consulting Match Play Championship, to Feb. 28. Tucson, Arizona — men, Tucson Open, to Feb. 28.

SKIING, Are, Sweden — women, FIS, Alpine World Cup, slalom.

SOCCER, Madrid, Spain — RFEF, Copa del Rey, quarterfinals, second leg, San Jose, Costa Rica — exhibition, Costa Rica vs. Jamaica. Merida, Venezuela — Estudiantes (Venezuela) vs. Monterrey (Mexico).

THURSDAY, FEB. 25

ATHLETICS, Melbourne, Australia — Melbourne Classic. Stockholm, Sweden — Globen Galan.

BIATHLON, Lake Placid, N.Y. — men, women, World Cup, to Feb. 28.

SKIING, La Plagne, France — men, women, Freestyle World Cup Finals, to Feb. 27.

FRIDAY, FEB. 26

CRICKET, Bridgetown, Barbados — Busta Cup, semifinal. Barbados vs. Jamaica, to March 1.

GOLF, Naples, Florida — men, ACE Group Classic, to Feb. 28.

MOTOR RACING, Nairobi, Kenya — FIA, two-liter World Cup, Kenya Rally, to Feb. 28.

RUGBY, Pretoria, S. Africa — Golden Cats (S. Africa) vs. Australian Capital Terr. (Aust.).

SKIING, Are, Sweden — women, Alpine World Cup, downhill. Offerschwang, Germany — men, Alpine World Cup, giant slalom.

SPEEDSKATING, Roseville, Minnesota — World Cup, to Feb. 28.

SWIMMING, Geisenkirchen, Germany — World Cup, to Feb. 28.

SUNDAY, FEB. 28

SKIING, Offerschwang, Germany — men, Alpine World Cup, slalom.

SPORTS

The Bare Truth: Witt 'Loves' New Exposure

Skater Says Fans Like Playboy Photos, Too

By Paul Newberry
The Associated Press

ATLANTA — Forget Carmen, the sultry gypsy who stole a soldier's heart and paid with her life. Playboy has become the biggest role in Katarina Witt's life.

Ever since the two-time Olympic gold medalist stripped off her clothes to cavort through woods and streams for the magazine, no one wants to talk abont Sarajevo or Calgary or the dueling Carmens.

At every stop on the pro skating circtit, fans approach Witt with Playboys in hand. She always signs them cheerfully and without hesitation, unashamed that she revealed more of herself without skates — and everything else, for that matter — than she ever did on the ice.

"I'm loving it," Witt said during a stop in Atlanta to promote the Champions on Ice winter tour. "The majority of fans say it's beautifully done and, well, 'Go girl.' "

Playboy first approached Witt about appearing in the magazine after her gold-medal winning performance of "Carmen" at the 1988 Olympics in Calgary, making her only the second woman to win back-to-back figure skating titles.

With fire-engine red lips, a Spanish comb in her hair and a V-neck, cut-to-the-navel, flamenco-style dress hugging her 5-foot-5-inch (1.65-meter) body, Witt was the consummate seductress.

A reporter opened one Olympic news conference with a marriage proposal. Alberto Tomba, the Italian ski champion, was mesmerized by the German beauty, making public appeals to meet her like some love-struck schoolboy.

Witt never had a rendezvous with Tomba, and she turned down the initial offers from Playboy.

"I think at that time it would have been wrong," she said. "But the timing now is absolntely perfect. People know I've been a skater for many years, but I've been doing a lot of different things."

In addition to skating with Champions on Ice and competing at the occasional pro event, the 33-year-old Witt had a role as a figure skater in the 1998 movie "Ronin," a thriller about post-Cold War mercenaries, starring Robert De Niro.

"I was very honored when John Frankenheimer asked to have me," Witt said, referring to the film's director. "To be on the set for 10 days in Paris and meet somebody like Robert De Niro and Jean Reno was totally awesome. And it was even better to get respect back from the actors. They would come to watch my skating and were just incredible to me."

She hopes to land more movie roles, although skating still dominates her life.

"It was nice to know I could go back to the real world, which is the sport," Witt said. "The movie world is very different. It's a very big fantasy land."

So was Carmen, which was still on Playboy's mind when they approached Witt again, a decade after Calgary. She decided the timing was right, traveling to Hawaii to model for a 10-page layout in the December issue.

"It was very professionally done," said Witt, who received more than $100,000 to pose. "That's why I liked it. I was involved in the whole creative part. It turned out basically the way I saw it, which was very pure, very natural, athletic and tasteful. They gave me complete freedom on that.

"That's why it's working so well, that's why everyone likes it. Nobody feels offended by anything I did."

Witt is still an alluring figure, able to bring the crowd to its feet even though she no longer can compete with the Michelle Kwans or Tara Lipinskis in the youth-driven world of triple jumps.

On this day, Witt relaxed comfortably on the sofa of a 13th-floor office at CNN Center, maintaining the appearance of simple elegance after a day of tedious one-on-one interviews. She wore velvet black pants, matching shoes and warm-up jacket and a plain, gray T-shirt; her brown hair was tucked tastefully on the back of her head.

The Champions on Ice tour — which also features Oksana Baiul, Brian Boitano, Dorothy Hamill and Victor Petrenko — will stop in 40 cities before finishing its run in a couple of weeks.

"The grueling part for me is the traveling," Witt said. "The buses and planes basically ruin your body. But once you get out there in front of an audience, it's the best."

She paused for a moment when asked to explain how she has maintained her appeal on the ice, even with performances like the World Professional Figure Skating Championships in December, when she finished fifth out of six skaters.

"I think I built a name out there by always pushing myself to keep going with different types of projects," she said. "Not just being a skater, but going on the production side as well, creating things like Carmen on Ice and all the specials. I think I've always tried to reach out for more than just being a figure skater. People see this and they see the passion in my work."

Witt has no plans to leave the sport that has transformed her life into "three pieces of luggage."

"No, no, no, not a normal life," she protested, feigning indignation at the mere thought. "Why would I want to have a normal life? This is my normal life. I want to keep it."

The Associated Press

Katarina Witt, double Olympic skating champion, felt the time was right for her to pose for Playboy.

■ Harding Plans Comeback

Tonya Harding, the American figure skater who is under a lifetime ban from sanctioned events for the 1994 attack on Nancy Kerrigan, will not make her latest pro comeback attempt until next fall, her adviser Michael Rosenberg said Thursday, according to Reuters.

Hakeem Olajuwon of the Rockets, left, blocking a shot by Rony Seikaly of the New Jersey Nets in the 2d quarter of Houston's narrow triumph.

Rockets Nip the Nets

Pippen's Free Throw Seals Victory, 93-92

The Associated Press

Scottie Pippen hit a free throw with 3.3 seconds left in overtime and the Houston Rockets got the benefit of two late calls in beating the New Jersey Nets, 93-92.

Pippen's game-winning free throw capped a 26-point performance on Thursday night.

The host Nets thought they had taken a 94-92 lead with 6.6 seconds left when Jayson Williams put in the rebound off Kerry Kittles' miss. However, referee Scott Foster waved off the basket for offensive interference, ruling the ball was still oo the cylinder when the Nets center touched it.

NBA Roundup

Seconds later, Houston's Hakeem Olajuwon made a bad pass to a falling Pippen, but referee Marc Davis ruled Scott Burrell tripped Pippen as he was backing up. Pippen made the first free throw and missed the second.

Olajuwon, who had 21 points and a season-high 15 rebounds, forced the overtime, hitting a line-drive shot from the top of the key with 4.4 seconds left to tie it at 85. Kendall Gill led the Nets with 24 points.

Cavaliers 98, Knicks 74 In Cleveland, Shawn Kemp scored 20 points and Vitaly Potapenko had 17 points and 12 rebounds as the Cavs, playing their first game since learning that Zydrunas Ilgauskas would miss the rest of the season, embarrassed New York.

On Wednesday, tests revealed that the 7-foot-3-inch Ilgauskas had a fractured bone in his left foot. With Potapenko starting at center, the Cavs outworked the Knicks all over the floor but especially in the paint, finishing with a surprising 42-37 rebounding advantage.

Wesley Person added 14 points, Cedric Henderson 13 and Brevin Knight 11 assists as the Cavs won their fourth straight game after opening 0-3. Patrick Ewing had 14 points and Allan Houston 12 for New York, which had its four-game winning streak stopped.

Pacers 99, 76ers 95 Antonio Davis scored 16 points and Reggie Miller added 15 as Indiana beat visiting Philadelphia, the Pacers' 10th straight victory over the 76ers and 15th in their last 16 meetings.

Sam Perkins had seven of his 11 points in the fourth quarter. He made a layup and his first 3-pointer of the season to start the final period and ignite a 13-6 run in the first four minntes, giving Indiana a 79-70 lead. Allen Iverson led the 76ers with 33 points and Matt Geiger had 22.

Wizards 95, Raptors 88 Mitch Richmond scored 31 points and Rod Strickland had 23 points and 14 assists in Washington's victory over host Toronto.

Washington's two victories this season have come against the Raptors, who have lost five straight after beating Boston in their season opener. Kevin Willis led the Raptors with 25 points and 14 rebounds.

Jazz 97, Nuggets 86 In Salt Lake City, Bryon Russell had 21 points and Jeff Hornacek added 19 as Utah matched its best start in franchise history.

The Jazz, who have beaten Denver nine straight times, are 7-1 to equal their 1989-90 start. The Nuggets lost their fourth straight game to fall to 1-8, the second-worst mark in the league.

Nick Van Exel had 19 points and eight assists for Denver.

In Kidnapping in Mexico, Only the Victim Is Unusual

The Associated Press

ACAPULCO, Mexico — The victim was extraordinary, but the crime was frighteningly ordinary.

The kidnapping of the father of soccer star Jorge Campos was stunning because it struck the family of one of the country's most famous athletes. Campos, goalkeeper of the national team in the 1994 and 1998 World Cup tournaments, is a stylish, popular figure and a fixture in television commercials.

But the crime itself was commonplace: Kidnappers in Mexico have terrorized shopkeepers, farmers, bankers and entertainers. Common criminals, guerrilla bands and even the police have been blamed for the crimes.

"It's just another kidnapping, but it happens to involve somebody famous," said Hector Garcia, a businessman in Mexico City.

"There are lots of kidnappings every day, but nobody seems to care anymore," he said.

Alvaro Campos, 65, was seized Wednesday by eight men brandishing assault rifles at a sports field named for his son ontside the resort city of Acapulco.

Alvaro Campos, known to friends as "El Nono," or "The Grandpa," is well-liked and known for promoting local soccer. He also recorded television commercials for the governing Institutional Revolutionary Party before this month's state election.

"El Nono told all of us, his family and his friends, that he had received some phone calls since December in which they threatened to kidnap him, but he said those were jokes," said Ricardo Jimenez Anaya, a friend of the elder Campos.

Jorge Campos flew home to Mexico on Thursday from Hong Kong, where he was in a tournament with Mexico's national soccer team. Mexican news media reported that he met with officials from the attorney general's office shortly after his arrival.

"I insist that the main thing in this case is that they respect the life of my father," he was quoted Thursday as telling the sports daily Ovaciones.

Campos has a contract with Major League Soccer to play for the Chicago Fire, but the team let him return to Mexico for the season to compete with a top division team, UNAM Pumas. The Fire, which acquired him from the Los Angeles Galaxy a year ago, expects him back in the spring.

"Our thoughts and concerns are with Jorge and his family," said Adam Low, a Chicago Fire spokesman.

"We're very upset to hear about what happened, and we hope Alvaro is returned safely," he said.

The police in Acapulco said they could not comment on the case until the family filed a complaint.

Acapulco, one of Mexico's most famed beach resorts, is a part of Guerrero state, which has been plagued by abductions.

Vincent Carroza, a New York native who manages the Princess Hotel in Acapulco, was held for eight days in December 1997. A businessman, Melchor Perusquia, was found murdered in March 1996 after his family paid a ransom reported at $390,000.

Vicente Fernandez, a ranchero-style singer, had to pay a reported $3.2 million in September to win the release of a son, who had two fingers cut off by kidnappers during a four-month captivity in northern Mexico.

Mexico's most-wanted kidnapper, Daniel Arizmendi, known for cutting off victims' ears, was captured in August. Bot kidnappings have not abated.

Tugnutt Shuts Out Bruins

The Associated Press

Ron Tugnutt, the NHL's stingiest goaltender, made 30 saves for his second shutont in four starts as the Ottawa Senators beat the Boston Bruins, 2-0.

Daniel Alfredsson scored in the game's second minute on Thursday night, and Alexei Yashin got the other Ottawa goal later in the first period. The host Senators won their third straight game and moved four points ahead of second-place Toronto in the Northeast Division.

NHL Roundup

Boston missed a chance to move into the eighth and final playoff spot in the East. The Bruins lost for only the second time in Ottawa (13-2-2).

Tugnutt, who got his third shutout of the season, lowered his league-leading goals-against average to 1.58.

Canadiens 3, Flyers 1 In Philadelphia, Mark Recchi had a goal and an assist and Sergei Zholtok scored the winner on a power play early in the third period.

Eric Lindros scored the only goal for the Flyers, who had their seven game home unbeaten streak (5-0-2) snapped.

Hurricanes 2, Capitals 2 Bates Battaglia tipped in Nolan Pratt's shot from the right point with 2:41 left in regulation to earn a tie for host Carolina. Washington, which entered the game trailing the Sontheast Division-leading Hurricanes by 11 points, went 0-2-1 in the final three games of its five-game road trip after reeling off six straight victories.

The Hurricanes honored Ron Francis and Paul Coffey for reaching the 1,300-game platean. Francis reached the mark last week against Toronto, while Coffey played in his 1,300th game Thursday night.

Blues 0, Panthers 0 In St. Louis, Sean Burke of the Panthers made 27 saves, and Jamie McLennan of the Blues had 21.

Burke got his second shutoot this season and 18th overall. McLennan has three of his five career shutouts this season.

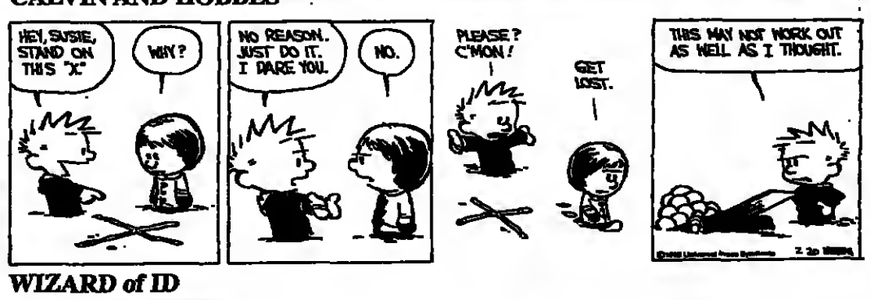
Kings 3, Oilers 2 Steve Duchesne scored the go-ahead goal and defenseman Philippe Boucher had his first three-point game in the NHL. Boucher opened the scoring with his first goal since April 18. Luc Robitaille also had a goal for his 900th point with the host Kings.

Both of Edmonton's goals were by Alex Selivanov, who recorded his first career hat trick in the third period in Wednesday night's 6-2 victory at Anaheim. Selivanov, who joined the Oilers in a Jan. 29 trade with Tampa Bay, did not score during his first nine games with Edmonton.

DENNIS THE MENACE

PEANUTS

CALVIN AND HOBBES



GARFIELD

WIZARD of ID

JUMBLE

THAT SCRAMBLED WORD GAME
by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

GEDUN

RICLY

UNDASE

GORUME

How arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

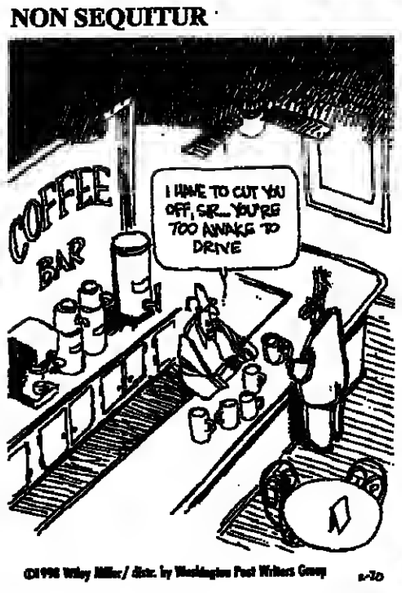
At THE ○○○○ ○○○○○ ○○○○○

(Answers Monday)

Yesterday's Jumbles: SYLPH FORAY LIMPID POLISH
Answer: Why he sold the garbage dump — HE HAD HIS "FILE"

BEETLE BAILEY

NON SEQUITUR



DOONESBURY

BLONDIE

DAVE BARRY

Nightmare Scenario!

MIAMI — There is Big Trouble brewing in Washington. And I am not talking that mess involving Monica Lewinsky and President You Know Who. NOBODY cares about that anymore. The public is SICK of it. The Republicans could produce a videotape of the president and Monica pistol-whipping a 7-Eleven clerk and the public would say, "So what! Let's focus on the issues!"

No, the trouble I'm talking about is the federal budget surplus. It is raging out of control. What, exactly, is this surplus, and why is it such a threat? To answer those questions, perhaps it will help if we take a moment to briefly review the history of our federal budget. Or perhaps it will not. But just try to stop us.

For many thousands of years, there was no federal budget. America was run by native Americans, who had a tribal form of government and used a simple tax form made of bark. The first Europeans to arrive were the Vikings, who landed here around 700 A.D. but were eliminated in the playoffs.

They were followed by Christopher Columbus, who actually thought he had discovered India. (He thought this because the native Americans, who were big pranksters, had erected a huge sign that said "Welcome to India!") This was followed by The Bunch of Boring Wars, which ended up with England in charge of the colonies. But then the king of England, King Really Stupid, enacted a tea tax, which was extremely unpopular with the colonists, who were very fond of their "tea," which was colonial slang for marijuana. And thus the United States was formed.

Stay indoors as much possible and live on canned goods.

In those days, the federal government's only function was to deliver the mail, which consisted of a few dozen handwritten parchment letters from Ed McMahon. The government didn't need much money; in fact, the original Internal Revenue Service consisted of just two employees and one horse, which would conduct audits by standing on selected taxpayers' heads. Over the years, the federal government got bored with delivering mail, so it came up with many important new programs, such as the Department of Commerce, which carries out the vital work of doing whatever it is that the Department of Commerce does. As the government's money requirements grew, so did the IRS, which today employs more than 165,000 personnel and nearly 11,000 horses.

Today the federal budget stands — or, technically, squats — at well over $1 trillion. It is very difficult for average moron taxpayers like ourselves to grasp a number that large, so to make the surplus problem more understandable, let's compare the federal government to a lemonade stand operated by "Billy" and "Suzy" (not their real names). Billy and Suzy have mixed up a batch of "lemonade," or government programs. Whenever a "customer," or taxpayer, comes along, he or she decides to pay Billy and Suzy a percentage of his or her income, because otherwise they will put him or her into a federal prison. In return for this money, Billy and Suzy do not give any lemonade to the customer. They give it to various organizations and individuals deemed worthy of lemonade, such as the Department of Commerce, retired people, defense contractors and researchers studying the dangers of inadequately heated soup.

This federal budget surplus thing is raging out of control.

For years, Billy and Suzy gave away so much lemonade that, no matter how much money they got from their customers, they still had to borrow more. But now, suddenly, they are WAY ahead. They are taking in billions more dollars from their customers than they are spending on lemonade. Even if they start paying back the borrowed money, they have billions and billions left over, piling up all over Billy's and Suzy's lawn.

This is the problem that our government leaders are wracking their brains over now. Impossible as it may sound, the government is unable to spend money as fast as it is collecting it.

This is a very serious problem. Why? Because, according to economists, unless something is done soon to relieve the massive buildup of excess tax receipts, the Treasury Building could explode and release its contents into the atmosphere, forming an immense cloud of money that could be blown by prevailing winds over a populated area. If the wind were to shift, the money could fall back to Earth, where some of it could, conceivably, wind up — this is referred to in top-secret government documents as "The Doomsday Scenario" — back in the hands of taxpayers.

A chilling Stephen King nightmare scenario, you say? Unfortunately, it could happen, unless our leaders are able to figure out what to do about the surplus. Until they do, we, as taxpayers, should minimize the risk of coming into direct contact with our money by remaining indoors as much possible, living on canned goods, which we should, studies say, heat properly.

Rosie Perez: Fighting to Shake a Stereotype

By Peter Applebome
New York Times Service

NEW YORK — On a water-logged day in Brooklyn, everything seems muted and muffled — the grays and browns of the buildings, the soggy drumbeat of the rain. And then there is Rosie Perez, who, rain or shine, is about as muted and muffled as a stick of dynamite on a short fuse.

"All the time, all the time," she shot back when asked if she worries about being stereotyped as a feisty, foul-mouthed, working-class Latina, the Rosie Perez character she has played in most of her films.

"Sometimes I really want to ask the studio heads, 'Did you earn your college degree or did you pay for it? Are you stupid?' Just like a white person can come from trailer trash, be a candidate for the Jerry Springer show, but you put them in a suit and their background becomes nonexistent. But you take someone of color from Brooklyn and it sticks with them day and night. 'She can't do that. She's Latin. She's from Brooklyn.' It's the most asinine thing I've ever heard of."

Very few actors and even fewer actresses these days seem as if they're from anyplace recognizable in terms of geography, class and ethnicity, if they can help it. When she started acting, Perez was advised to take classes to lose her Brooklyn inflections and mannerisms. Instead, she has built an improbable acting career, which began with a chance encounter with the director Spike Lee, on being pretty much what she is: an intense, voluble, working-class Puerto Rican from Bushwick who is indelibly from her own unfashionable patch of turf.

In her new film, "The 24-Hour Woman," written and directed by Nancy Savoca, she plays a familiar character but with a twist. She is definitely Perez, but she is also a successful television producer, rather than a kid from the streets, trying to balance work, marriage and motherhood. It is something of a real life, less the Hollywood take on the issues raised and then conveniently smoothed over and kissed off in Diane Keaton's 1987 film "Baby Boom."

Even with a sympathetic female director like Savoca, getting the part took some doing. And whether she can attract the range of roles she would like remains to be seen. But so far, Perez has managed to put together an eclectic palate of films and earned a measure of respect and visibility while finding herself in an intensely conflicted relationship with the powers that be in the film business. Even she is not sure where the road leads from here.

Andrew Mohin/The New York Times

Rosie Perez holding court at Tillies, a café in Brooklyn.

"I'm not a martyr thinking I only do independent films," she said. "Take 'White Men Can't Jump.' I loved that movie. I loved the fact that Fox put the dollars into promoting it. I loved that the paycheck was nice and fat. I loved that everyone in the world went to see it. But then I get so mad when a brilliant film like 'Somebody to Love,' which I did with Alexandre Rockwell, didn't stand a chance because there were no marketing dollars behind it. I do independent films because the material is great. I need to be challenged. I need to do good work. It makes love to my heart like nothing else. But if there was a commercial film that had great material and money behind it, I'd do it in a heartbeat."

A blushing, deferential flower Perez is not, but given the path to her film career, it is no surprise. She is obsessively closemouthed about anything other than the broad outlines of her upbringing.

A few questions about things as innocuous as where she went to high school or the year of her birth generated icy accusations of tabloid journalism and an angry call from her publicist. She was born in 1964 or '65 — she declines to be more precise — in the middle of a family of 11 children in Bushwick. Her father was in the merchant marine and her mother had been a singer in Puerto Rico before moving to Brooklyn.

She apparently got into her share of trouble, but looks back on a place that for all its rough edges was definitely a neighborhood. "I never thought of it as a tough neighborhood, because the people in my neighborhood were my friends and neighbors," she said. "I never thought I was poor until someone told me I was. I don't like to talk about my past because I start to include people who don't want to be included in the storytelling. I made an agreement not to do it. But it's funny how people think you're born into a certain level of ignorance and stupidity because you were born into a certain level of poverty."

Her first artistic interest was dance, not film. But after high school, she moved to Los Angeles to study marine biology at Los Angeles City College and West Los Angeles College. One night, a talent coordinator for the television show "Soul Train" picked her out at a club and signed her up to dance on the show. Before long, she was choreographing a video and stage show for the singer Bobby Brown.

Her break came, in a contemporary variation of an old Hollywood legend, when Spike Lee met her while celebrating his birthday in 1988 at a Los Angeles club called the Funky Reggae. He told her to call him, and when she did — a month later — he ended up casting her as his girlfriend in "Do the Right Thing," which begins with her gyrating and shadowboxing to Public Enemy's "Fight the Power."

Subsequent films have included Jim Jarmusch's "Night on Earth," "White Men Can't Jump" and "Fearless," Peter Weir's film about the survivors of an airline disaster, which earned her a 1993 Oscar nomination for best supporting actress.

She has also continued dance and choreography work. She has produced several shows, including a 1993 HBO series called "Rosie Perez Presents Society's Ride," featuring live performances by rap, rhythm-and-blues and reggae acts. She has begun writing and doctoring scripts herself. And she carries on a heavy schedule of benefit work, like a recent appearance on behalf of an innovative writing program in which she participates at the Bedford Hills Correctional Facility for Women.

Despite her age — she was 19 when Lee found her — she has stood out as an obsessively entrepreneurial actress.

If the path of Perez's career could go down various roads, the path of her life seems to lead inevitably toward Brooklyn. She keeps an apartment in Los Angeles, but spends most of her time in New York, a balance she would like to maintain.

"In New York, you can be who you are," Perez said. "If I want to be sad, I'm sad. If I want to be angry, I'm angry. If I want to be loud, I'm loud. If I want to be quiet, I'm quiet. In L.A., you just be yourself and people are always asking, 'What's wrong?' It drives me crazy. I feel sorry for L.A. I really do. No one's got any roots, which is why people are so disposable out there. And there are a lot of dog-eat-dog people in L.A."

Aren't there plenty of dog-eat-dog people in New York?

"Yeah, maybe," she said. "But in New York it's dog-eat-dog with a heart."

PEOPLE

THE movie actor **Samuel L. Jackson** had to prove he could be a nice guy before he claimed his brass pudding pot for being Harvard's Hasty Pudding Man of the Year. Known for playing tough guys who use rough language, Jackson washed his mouth out with soap before a sold-out crowd at the comedy troupe's club in Cambridge, Massachusetts. He recited the biblical passage from Ezekiel that he spouted in "Pulp Fiction," and then recited the same passage as Yoda, the dwarfish sage of "Star Wars." Jackson appears in the forthcoming "Star Wars: The Phantom Menace."

□

Shirley MacLaine was given a lifetime achievement award at the Berlin Film Festival. The actress was honored with a Golden Bear award for her 55 films, dating from **Alfred Hitchcock**'s 1955 thriller "The Trouble with Harry."

□

Mike Nichols and **Elaine May** claim that a cable TV series, "The Fifties: The Burning Desire," used one of their comedy sketches illegally. A video clip of the duo's routine "The Teenagers" was aired without permission, they contend in a lawsuit filed against A&E Television Networks and the show's producer. The sketch, a look at sexual attitudes and mores of the '50s, was first televised in 1958 on "The Perry Como Show." In April 1998, a clip of it was broadcast in a segment of the six-part series "The Fifties" on The History Channel, a unit of A&E.

□

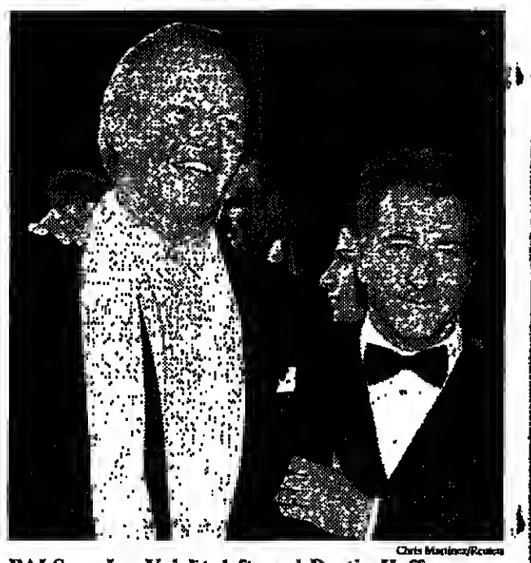
The billionaire **Ted Turner** has apologized for telling a Polish joke about **Pope John Paul II**. A one-sentence statement sent to the Catholic League said Turner "regrets any offense his comments may have caused and extends his heartfelt apologies." Asked by an audience member after a speech to the National Family Planning and Reproductive Health Association, what he would say if he met the Pope, Turner replied, "Ever seen a Polish mine detector?" and pointed to his foot. The president of the League, **William Donohue**, said that Turner had "embarrassed himself with his silly remarks," but that he accepted the apology.

□

The rap star **ODB** was arrested this week for allegedly wearing a bulletproof vest — a no-no because of his previous arrests. The rapper, whose real name is **Russell Jones**, was driving erratically in Los Angeles when he was pulled over, a police officer said. Earlier arrests were on charges that he fired at police, threatened to kill a former girlfriend, shoplifted a pair of shoes and failed to pay child support.

□

Bob Geldof, the force behind the Live Aid concert for Africa, won a libel case against a British newspaper that reported he had "groped, fondled and kissed" a London nightclub stripper. The tabloid Sun paid Geldof "substantial," but undisclosed, damages. An attorney for News International, publisher of the Sun, said: "The defendant accepts that these allegations are entirely untrue and ought never to have been published."



Chris Martinez/Reuters

PALS — Jon Voight, left, and Dustin Hoffman, co-stars in "Midnight Cowboy" in 1969, at an American Film Institute ceremony honoring Hoffman's career.

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